



Daily Report

China

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Daily Report

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CONTENTS

10 July 1992

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Further Comments by Foreign Ministry Spokesman	1
'No New Information' on POWs, MIAs [XINHUA]	1
Reiterates Position on Spratlys [ZHONGGUO XINWEN SHE]	1
Denies Vietnam Protest Note [Hong Kong SOUTH CHINA MORNING POST 10 Jul]	2
Remarks on Trial of Bao Tong [ZHONGGUO XINWEN SHE]	2
Bush Emphasizes NATO's Role in Peace Missions [XINHUA]	2
XINHUA Analyses Examine G-7 Summit Results	3
Russia 'Bottomless Pit'	3
Summit Employed 'Stop-Gap Measures'	4

United States & Canada

Article on 'Shocking' Supreme Court Ruling [FAZHI RIBAO 2 Jul]	6
BAN YUE TAN on U.S. 'Neo-Isolationism' [10 Jun]	6
Vice Premier Zou Jiahua Meets U.S. Engineers [XINHUA]	8
Li Peng Meets U.S. Citibank Director [XINHUA]	8
Bush To Blame Congress for 'Sluggish' Economy [XINHUA]	9

Central Eurasia

Joint Prospecting Regulations Set With Russia [XINHUA]	9
Li Tieying Meets Russian Science Delegation [XINHUA]	9
Estonian President Demands Russia Withdraw Army [XINHUA]	10

Southeast Asia & Pacific

Chea Sim of Cambodia Arrives in Beijing [XINHUA]	10
Columnist Urges Negotiations on Spratlys Dispute [Hong Kong TA KUNG PAO 10 Jul]	10
Ambassador to Hanoi Views Sino-Vietnamese Ties [ZHONGGUO TONGXUN SHE]	11
Liu Huaqiu Addresses South Pacific Forum [XINHUA]	11
Qiao Shi Meets Visiting Lao Party Officials [XINHUA]	12
Australian Minister on Prospects for Economic Ties [XINHUA]	12

Near East & South Asia

CPC Senior Official Meets Syrian Guests [XINHUA]	13
Column Views Recent Labor Victory in Israel [GUANGMING RIBAO 4 Jul]	13

Sub-Saharan Africa

Yang Shangkun on Developing Sino-African Ties	14
Supports African 'Independence' [XINHUA]	14
Meets Ivory Coast Parliament Chief [XINHUA]	14

West Europe

Reportage Continues on Visit by Swiss Minister	15
Meets Li Lanqing [Bern International]	15
Views Intellectual Property Rights [AFP]	15
Says Swiss Sanctions To Remain [Bern International]	15

NATIONAL AFFAIRS

Political & Social

CPC Issues Notice Abroad on Xu Jiatun Article [Hong Kong CHING CHI JIH PAO 10 Jul]	16
Court Sentences Student's Murderers to Death [XINHUA]	16
'Text' of Circular on Students' Social Activities [XINHUA]	16
Peng Chong Assesses People's Congress System [XINHUA]	17
CPC Central Committee Thanks for Li Condolences [XINHUA]	17
Commentator on Importance of Emancipating Mind [GUANGMING RIBAO 25 Jun]	17
Party School Students Laud Deng's Talks [XINHUA]	18
Journal on 'Profound Changes', 'Deng Whirlwind' [ZHONGGUO TONGXUN SHE]	20
Achievements of Supervisory Organs Viewed [XINHUA]	20
Newspaper Launches New Monthly Magazine [XINHUA]	22
Radio Beijing Begins Publishing New Weekly [XINHUA]	22

Science & Technology

Indigenous Nuclear Power Plant Fully Operates [AFP]	22
Zou Jiahua Speaks to Scientists, Technicians [XINHUA]	23
Scientist-Enterprise Cooperation Encouraged [XINHUA]	24
Aeronautical Institute To Start Foreign Business [XINHUA]	25

Economic & Agricultural

Flood Death Toll Reaches 500; Hundreds Missing [AFP]	25
XINHUA on Three Gorges Preparations	26
Restructuring Official Holds News Conference	26
Cites Deng on Reform, Market Economy [XINHUA]	26
Notes More Enterprises Bankrupt [XINHUA]	26
Price Reform To Be Given Impetus [XINHUA]	27
Says Fast Growth Can Be Sustained [AFP]	27
Daily on Reform Liberating Productive Forces [RENMIN RIBAO 6 Jul]	28
Commentator on Achieving High Growth Rate [GUOJI SHANGBAO 23 Jun]	32
Further on Planned Accounting System Reform [XINHUA]	33
Financial Rules for Foreign Enterprises Issued [XINHUA]	34
Foreign Trade Maintains High Growth Jan-Jun [XINHUA]	35
Official Calls for Quality Attestation System [XINHUA]	35
Daily on Commodity Inspection Departments' Role [XINHUA]	36
Professionalizing Enterprise Cadres Proposed [Hong Kong CHING CHI TAO PAO 29 Jun]	36
Two-Year Property Evaluation To Boost Reform [CHINA DAILY 9 Jul]	37
National Metals, Minerals Conglomerate Established [XINHUA]	37
Record Reported in New Construction Projects [XINHUA]	37
Economist Ma Hong on Developing Central Region [LIAOWANG 25 May]	38
Economists Urge Reform of Rural Employment System [XINHUA]	40
4 Million Farmers Have Social Pension Insurance [XINHUA]	41

REGIONAL AFFAIRS

East Region

Overseas-Funded Firms in Fujian Gain Profits [XINHUA]	42
Xiamen To Catch Up With 'Four Small Dragons' [XINHUA]	42

Jiangsu Takes Measures To Combat Drought	42
Speeds Supply of Materials [XINHUA]	42
Holds Mobilization Meeting [Nanjing Radio]	42
Public Security Vice Minister Inspects Jiangxi [Nanchang Radio]	43
Shandong Secretary on Work To Combat Drought [Jinan Radio]	44
Shandong 'Grateful' for Rainfall; Drought Eases [XINHUA]	45
Shanghai Secretary on Quickening Reform, Opening [LIAOWANG 11 May]	45
Land Leasing Continues To Spread in Shanghai [XINHUA]	48
Shanghai To Focus on High-Tech Telecommunications [XINHUA]	48
Shanghai Paper Discusses Changing Mind-Sets [JIEFANG RIBAO 6 Jul]	48
Zhejiang Firms, Institutions Strengthen Ties [XINHUA]	51
Zhejiang Quickens Pace in Using Foreign Funds [XINHUA]	52

Central-South Region

Guangdong Private Firms Resume Various Operations [Hong Kong CHING CHI TAO PAO 29 Jun]	52
Guangdong Enterprises Establish Overseas Ties [ZHONGGUO TONGXUN SHE]	53
Shenzhen To Boost Securities Market Development [XINHUA]	53
Guangxi's Zhao Fulin Addresses Opening Conference [Nanning Radio]	53
Building of Hainan's Yangpu Economic Zone Starts [Haikou Radio]	54
Hubei's Guan Guangfu on Rural Party Committees [Wuhan Radio]	54
Hubei Paper on Socialist, Capitalist Economies [HUBEI RIBAO 11 Jun]	55
Flooding Hits Changsha, Surpasses 1954 Record [XINHUA]	59

Southwest Region

Guizhou's Liu Zhengwei Speaks at Graduation [Guiyang Radio]	59
Liu Zhengwei on Urban Construction Conference [Guiyang Radio]	60
Guizhou Province To Start Housing Reform [XINHUA]	60
Sichuan Ceremony Mourns Li Xiannian's Death [Chengdu Radio]	60
Yang Rudai Addresses Railroad Celebration Fete [Chengdu Radio]	61

North Region

Summer Drought Affecting Crops in North [XINHUA]	61
Li Ximing Addresses Meeting on Nationality Work [XINHUA]	62
Chen Xitong Discuss Development Plan Revision [XINHUA]	62

Northeast Region

Heilongjiang's Jiamusi Is Investment 'Hot Spot' [RENMIN RIBAO 26 Jun]	62
Liaoning Secretary Quan Shuren Inspects Dalian [Shenyang Radio]	63
Liaoning Imports Microwave Telecommunication Gear [XINHUA]	63
Liaoning Lists Projects for Overseas Cooperation [XINHUA]	63
Economic Development of Ethnic Minorities Grows [XINHUA]	64

Northwest Region

Gansu Researches Varied Farming Technologies [XINHUA]	64
Xinjiang Tacheng Airport Reconstruction Begins [XINHUA]	65

TAIWAN

Nation Admitted to South Pacific Forum [CNA]	66
Government Reacts to Mainland Spratlys Move [CNA]	66
Editorial Rejects Joint Exploration of Spratlys [CHINA POST 3 Jul]	66
Ministry To Help Investors Withdraw From Mainland [CNA]	67
Japan Urged To Compensate 'Comfort Women' [CNA]	67
Hao Po-tsun Urges Japanese To Aid Russia [CNA]	68
Joint Oceanographic Research Planned With Russia [CNA]	68

KMT Group To Go to U.S. Democratic Convention [CNA]	68
National Security Law Lets Dissidents Return [CNA]	68
Li Teng-hui Urges Servicemen To Update Knowledge [CNA]	68

HONG KONG & MACAO

Hong Kong

New Hong Kong Governor Chris Patten Takes Over	69
Makes Inauguration Speech [Hong Kong Radio]	69
Meets Hong Kong Journalists [Hong Kong Radio]	70
Public Responds to New Governor's Arrival	71
Editorial Comments on Speech [SOUTH CHINA MORNING POST 10 Jul]	71
Mainland Media on News Conference [XINHUA]	72
Legislator on New Governor's Mission [ZHONGGUO TONGXUN SHE]	72
'Rash Spending' Blamed for Airport Project Delay [WEN WEI PO 8 Jul]	72

General

Further Comments by Foreign Ministry Spokesman

'No New Information' on POWs, MIAs

OW1007082492 Beijing XINHUA in English
0806 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—No new information on American POWs (prisoners of war) or MIAs (missing in actions) of the Korean War has been found in China, a Chinese Foreign Ministry spokesman said here today.

The spokesman made the remark when asked to comment on the issue of American POWs and MIAs in the Korean War.

The spokesman said that the Chinese side settled the issue of American prisoners of the Korean war long ago. "There are no American POWs in China, nor any issues remaining unsettled," he said.

The spokesman said that during the Korean War, the Chinese People's Volunteers handled the POW issue in strict compliance with the relevant provisions of the Geneva Convention relative to the treatment of prisoners of war of August 12, 1949. "All the POWs were treated in a humanitarian manner," he continued.

He said, "None of the POWs under Chinese control was transferred to a third country or to the Chinese territory. After the armistice in Korea, all cases concerning American POWs were handled according to the agreement on POW reached by the two sides.

"Those who asked for repatriation were directly repatriated in groups. Those who waived the right to repatriation were turned over to the Neutral Nations Repatriation Commission for screening. Twenty-one American POWs opted to come to China."

The spokesman said, "The Chinese side compiled a roster of all those to be repatriated, and all the American repatriates were turned over to the representatives from the International Committee of the Red Cross and the United States, with each repatriate checked against the roster as he was being turned over.

"The 21 American POWs who refused to be repatriated were taken care of by the Red Cross Society of China. They were later assigned appropriate jobs according to their wish and skill."

He said, "Adams G. Howard and James G. Veneris are now still in China. Rufus E. Douglas died of heart disease on June 8, 1954, in spite of intensive medical treatment.

"The 18 other American POWs have left China. The U.S. side is well aware of these facts.

"Recently, the U.S. side handed to the Chinese side a list of 125 unaccounted for American military personnel

from the Korean War. The U.S. side said that it had been told that these American military personnel had been interrogated by the former Soviet Union and possibly been transferred to China."

The spokesman said, "After investigation, the Chinese side has informed the U.S. side that it did not receive anyone on the above-mentioned list from the former Soviet Union.

"It should be pointed out that, although there are no American POWs or MIAs in China, whenever related questions are raised by the U.S. side, the Chinese side always takes a cooperative attitude and, in a humanitarian spirit, conducts extensive investigations in earnest in the archives, bureaus of civil affairs, the Red Cross societies and other relevant departments of Chinese provinces, municipalities and autonomous regions."

"However, no new information on American POWs or MIAs of the Korean War has been found," the spokesman said.

Reiterates Position on Spratlys

HK0907141992 Beijing ZHONGGUO XINWEN SHE
in Chinese 1217 GMT 9 Jul 92

[Text] Beijing, 9 Jul (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry spokesman Wu Jianmin reiterated today that the Nansha archipelago, which includes the Nanxun [0589 5651] reef, have been Chinese territory since ancient times.

Wu said that some countries hold different views on the islands in the area. China holds that, first, a large amount of historical documents prove that these islands belong to China and these grounds are irrefutable; and second, in consideration of the differences between China and some countries, we have proposed shelving the differences and jointly developing the islands.

On this question, Wu stated that there have been no changes in China's position.

At the press briefing held this afternoon, Wu Jianmin made these remarks regarding the differences between China and Vietnam on the issue.

The spokesman said that China and Vietnam have normalized their relations following the Sino-Vietnamese high-level meeting held last November. As regards the problems existing in relations between China and Vietnam, the leaders of the two countries have decided to hold talks at an appropriate time to settle the matter.

A ZHONGGUO XINWEN SHE reporter asked the spokesman to comment on the resolution adopted by the Moldavian parliament, which requested Russia, Ukraine, Byelarus, Romania, and Bulgaria to dispatch peace maintenance troops to Moldavia. As always, Wu replied, the Chinese Government holds that international disputes should be settled by peaceful means. We

support all the efforts that help the belligerent parties settle their conflicts by peaceful means.

Denies Vietnam Protest Note

HK1007014992 Hong Kong SOUTH CHINA MORNING POST in English 10 Jul 92 p 12

[By Geoffrey Crothall in Beijing]

[Text] China yesterday denied that Vietnam had sent a protest note to Beijing over the alleged establishment of a "sovereignty post" by Chinese troops on a reef in the disputed Spratly Islands.

"The Vietnamese Government did present a note but there was no protest contained in it," said China's Foreign Ministry spokesman, Mr Wu Jianmin.

Mr Wu refused to confirm or deny whether the incident, described by Hanoi as "a serious violation of Vietnam's territorial sovereignty," actually took place.

"The reef in question is part of the Spratly Islands and the Spratlys have, since ancient times, been a part of China," he said, indicating that China felt it had every right to establish a sovereignty post there.

The Vietnamese Foreign Ministry has said the incident, which allegedly took place last Saturday, was in contravention of an agreement signed by Beijing and Hanoi last year to solve disputes through peaceful means.

However, Mr Wu said the agreement was to "attempt to settle differences through negotiations at an appropriate time."

Mr Wu was anxious to play down the incident, the latest in a series of territorial conflicts between the two former allies, and prevent the further deterioration of bilateral relations.

While re-affirming Chinese sovereignty over the Spratlys, Mr Wu acknowledged other countries had different opinions on the matter and stated that China was prepared to allow joint exploration for energy and other resources in the region.

Asked if China was prepared to go to war over the Spratlys, Mr Wu said he hoped the dispute could be settled through peaceful means.

Western diplomats said Mr Wu's comments were an exercise in damage control following the deliberately provocative actions of the Chinese Army.

"Whether the Foreign Ministry approves of the Army's action is difficult to tell but I suspect it does not. That said, the ministry has no option but to cover up for the Army and hope the situation does not get any worse," a European diplomat said.

"Because if the Army and China's oil industry continue on this expansionist course, the situation will deteriorate very rapidly indeed," he said.

In a related move, the former United Nations secretary-general, Mr Javier Perez de Cuellar, said yesterday in Singapore that the dispute over the Spratly Islands could be settled through preventive diplomacy or at the International Court of Justice.

He added that if asked by those involved in the dispute, his successor could offer to mediate or even act as arbitrator.

Otherwise, legal claims to the hundreds of islands in the South China Sea could be presented to the world court for adjudication, Mr Perez de Cuellar said.

Meanwhile, the Philippine Foreign Secretary Mr Raul Manglapus said in Manila that he would tell China that his country favoured a peaceful solution to the dispute over ownership of the Spratly Islands.

Remarks on Trial of Bao Tong

HK0907143692 Beijing ZHONGGUO XINWEN SHE in Chinese 1215 GMT 9 Jul 92

[Text] Beijing, 9 Jul (ZHONGGUO XINWEN SHE)—At today's news conference held by the Chinese Foreign Ministry, the spokesman Wu Jianmin hinted that no foreigners will be allowed to attend Bao Tong's trial which will begin soon.

A reporter asked: "Will foreign observers, foreign reporters, and ordinary Chinese people be allowed to attend Bao Tong's trial, which will begin soon?" Wu Jianmin replied: According to Article Nine of the "PRC Court and Tribunal Rules," with the permission of the people's court, foreigners can attend as visitors in public trials involving foreign nationals or foreign affairs, whereas in trials involving no foreign nationals, no foreigners are allowed to attend as visitors. [quotation marks as received]

The spokesman declined to reply whether Bao Tong's wife would be allowed to attend his trial as a visitor, saying: This is not a question I have to answer as Foreign Ministry spokesman.

Bush Emphasizes NATO's Role in Peace Missions

OW0907214492 Beijing XINHUA in English 1902 GMT 9 Jul 92

[Text] Helsinki, July 9 (XINHUA)—U.S. President George Bush today stressed that NATO's role in the peacekeeping operation of the the Conference on Security and Cooperation in Europe (CSCE) is "vital."

In a speech at the CSCE summit, Bush said the CSCE should decide to develop "a credible Euro-Atlantic peacekeeping capability."

The summit is due to adopt a blueprint for European security enabling CSCE to organize peacekeeping operations and call on NATO and other organizations to help.

Bush noted that Europe remains "heavily armed from cold war days," "this is why I considered NATO's offer to contribute to CSCE peacekeeping so vital," he said.

Bush made the statement at a time when the Western European Union (WEU) and the North Atlantic Treaty Organization (NATO), the two major defence groups, are jockeying for a main role in handling conflicts in Europe.

Talking about the ethnic conflicts in former Yugoslavia, Bush said the CSCE should see to it that United Nations sanctions against Serbia are respected and do all it can to prevent the conflict from spreading.

He warned that any country among the CSCE members should be punished if they fail to abide by the CSCE norms.

Bush also noted that CSCE should further strengthen its mechanisms for settling disputes, suggesting a "follow-on" meeting of the summit to take up specific means to cope with conflicts.

Serbia and Montenegro, which form Yugoslavia, were suspended on Wednesday from the CSCE until October due to their role in the war in Bosnia-Herzegovina.

"Let Serbia's absence today serve as a clear message to others," he said, stressing, "those who violate CSCE norms must be singled out, criticized, isolated, even punished by sanctions."

XINHUA Analyses Examine G-7 Summit Results

Russia 'Bottomless Pit'

OW0907190092 Beijing XINHUA in English
1706 GMT 9 Jul 92

[News Analysis by Wang Shengliang and Yang Yianping: "Small Carrot Put in Bottomless Pit"]

[Text] Munich, July 9 (XINHUA)—Russian President Boris Yeltsin begged and pleaded for money when he met leaders of the Group of Seven industrialized nations in Munich on Wednesday.

A small carrot was offered by the G-7, making a contrast to the fact that former Soviet President Mikhail Gorbachev returned home empty-handed from the G-7 London summit a year ago, terminating his career after the August coup.

Observers here said the financial help the G-7 granted is too small to fill Russia's bottomless pit.

One billion U.S. dollars credit was agreed, first by the International Monetary Fund (IMF) on Sunday, then had a "yes" from the leaders of the G-7, which groups the United States, Japan, Germany, Britain, France, Italy and Canada as well as the European Community (EC).

The G-7 also agreed in principle to reschedule Russia's foreign debt inherited from the former Soviet Union. Of

the total of 74 billion dollars of the former Soviet debt, Russia's share is two-thirds.

Russia wanted a two-year moratorium on the debt, but the matter would be decided by the Paris Club of the world's donors.

In April, the G-7 agreed to a credit package of 24 billion dollars for Russia.

Aid to the former Soviet Union and Eastern Europe was one of the main topics at the three-day summit. As the world was still in recession, the G-7 leaders were cautious with their pocket.

U.S. President George Bush told a news conference after the conclusion of the G-7 summit, "I don't know there's enough money in the world to instantly solve the problem of the Russian economy."

However, Yeltsin said he had got what he wanted, no more and no less.

The aim of the G-7 was clear that they want Russia to be anchored to a train moving towards free-market economy. Yeltsin told reporters after meeting with the G-7 leaders that reforms in Russia were "irreversible."

Despite Yeltsin's denial of "horse trading," it is no doubt that the G-7 set tough conditions for granting aid to Russia. Both the G-7 leaders and Yeltsin were shy to mention these conditions.

Yeltsin admitted that the G-7 did raise the question of the withdrawal of 130,000 former Soviet troops from the three Baltic states. Housing and redeployment need financing, Yeltsin said, thus kicking the ball back to the "rich men's club."

The G-7 leaders also demanded dramatic cuts in Russia's military spending and reduction of its arsenal as the cold war ended. They said they want "a new partnership," a message clearly formulated in the political declaration issued by the G-7 summit.

The West was also concerned about nuclear safety in Russia and Eastern Europe. Radioactive fallout from the 1986 Chernobyl disaster was still detected in West European countries, which were particularly worried about another Chernobyl-style tragedy.

To refurbish the ageing Soviet-style nuclear power plants in Russia and Eastern Europe needs the G-7's generosity. The European Community proposed a multilateral fund to secure nuclear safety. Seven hundred million dollars were suggested. But experts said it needs 40 billion dollars to solve the problem, a vast sea receiving a small rain dropping.

The EC's plan could not be agreed by Japan and the United States, which preferred bilateral efforts. The G-7 finally produced an optional and loosely coordinated multilateral action program to cover up their split over the issue.

To help Russia needs Japan's commitment. Japan, the biggest donor of the West, said it would not provide large-scale aid to Russia unless the territorial dispute over the four northern islands was solved. Japan said the small islands were seized by the former Soviet Union at the end of World War Two. The G-7 supported Japan's demand in its political declaration, making Japan satisfied.

Yeltsin will travel to Tokyo in September. Whether a solution on the territorial dispute could be agreed during his visit is still in doubt.

Japan also vehemently opposes Russia's membership of the G-7 at the present stage. Before the summit, Bush said he wanted the G-7 to be joined by Russia, making it G-8. Bush's idea was also rejected by Britain and Canada, and Germany which chaired this summit.

The next G-7 summit will be held in Tokyo, Japan, in 1993. German Chancellor Helmut Kohl said he hoped Japan would consult with the rest of the G-7 nations on its agenda for the Tokyo summit, hinting Yeltsin would be again invited to meet the G-7 leaders.

U.S. Secretary James Baker predicted Russia's leader will attend the Tokyo summit. "If Russia stays on a democratic and free-market course, it will be likely to see the leader of Russia in attendance," Baker told reporters at the summit.

The G-7 leaders discussed Russian membership in the G-7 forum. But the concept making G-7 to G-8 could not be accepted by most of the G-7 nations.

French President Francois Mitterrand has said Russia's membership of the G-7 is only a matter of time.

The G-7 leaders also tried hard to find ways to reverse the trend of the world's recession. They believed that recovery of the world economy would also benefit Russia, East European countries and developing countries as well.

But no tangible measures were made. The only outcome, which is deserved mentioning, is the timetable agreed by the G-7 leaders for reaching an agreement on the stalled Uruguay Round of trade talks "before the end of 1992."

Economists said a successful conclusion of the global trade talks would trigger 100 billion dollars of trade in the worldwide aspect.

However, the G-7 leaders made few commitments to developing countries and to the environment. About 5,000 people demonstrated against the summit before the royal residence where the leaders were meeting. Interruptions were also made by protesters during the Yeltsin-Kohl's, Bush's, and British Prime Minister John Major's press conferences, a rare scene witnessed at the G-7 summits.

As declaring "shaping the new partnership," the G-7 leaders were moving closer to send troops to Sarajevo,

the capital of Bosnia, to protect the mission of delivering humanitarian supplies to the city.

Observers here said the Yugoslav crisis and Russia's withdrawal of troops from the Baltic states were expected to be further discussed at the Conference on Security and Cooperation in Europe (CSCE), which was opened in Helsinki today.

Commenting on the summit, major German newspapers today expressed disappointment. German television said the three-day meeting is over, little outcome has been produced, many problems remain as they were before.

Summit Employed 'Stop-Gap Measures'

OW0907214392 Beijing XINHUA in English
1912 GMT 9 Jul 92

[News Analysis by Yang Yanping and Wang Shengliang: "Not Much Expected of G-7 Munich Summit on Global Recovery"]

[Text] Munich, July 9 (XINHUA)—People observing this week's Munich summit of the Group of Seven leading industrial countries are left with little doubt that lingering economic woes across the developed world would not readily respond to a few stop-gap measures.

The G-7 leaders of the United States, Japan, Germany, France, Britain, Italy and Canada left behind them an economic recipe after being wrapped up in their three-day summit which ended here yesterday.

Few would like to be confounded by the pomp of the summitry, an opportune occasion for putting up a show of unity and strength among the world's leading industrial powers.

The G-7 leaders, worried about the hesitance of the global economic recovery, dished out a mixture of political, monetary and fiscal measures to revitalize growth in a bid to release more of themselves to attend to the troubled world.

But the principles included in the final economic declaration showed few encouraging signs and appeared unable to go beyond a general statement, which, to nobody's surprise, failed to offer some ideas of how these could yield tangible results.

"Strong world economic growth is the prerequisite for solving a variety of challenges we face in the post-cold war world," said the declaration.

"Increasingly, there are signs of global economic recovery. But we will not take it for granted and will act together to assure the recovery gathers strength and growth picks up," it said.

In vague terms, the G-7 leaders admitted that their respective countries tend to go their own way as they are moving into different phases of the economic cycle and bound by different domestic problems.

But this did not preclude the leaders making most of the gathering to coordinate their policies aimed at producing sustained, non-inflationary growth which they said would benefit them greatly.

Will their desire result in the desired result—sustainable growth that will bring unemployment down without rekindling inflation? Observers see few prospects in sight yet.

The high levels of unemployment—about 30 million in the West—have always been an alarming reminder of the sluggishness of their economies and a headache back at home.

"Too many people are out of work. The potential strength of people, factories and resources is not being fully employed," the G-7 final statement said.

The upward trend of joblessness also made the leaders realize that economic growth alone would not solve the problem and prompted them to call for changes in the labor market to give the flexibility necessary to compete against other countries.

Interest rates remain too high as the Western nations need badly the stimulus to growth. But the seven agreed that lower interest rates can only be possible if inflation is curbed and public spending reduced.

Despite lack of convincing ideas of how to put their high-sounding policies into practice, the seven leaders can find some consolation—they expect a long-delayed accord at GATT talks to be reached by the end of this year.

Having long been aware that global economic expansion also hinges on a successful conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations, the leaders had hoped for a breakthrough at the summit before being satisfied that Munich was not the right forum for making enough progress to break the deadlock.

Political reasons as well as technical problems stand in the way of a breakthrough, revealing that "political will" which some leaders said was the key to a solution to the problem has yet to find a right time to be shown.

Nevertheless, all participants agreed that the Munich talks helped create the necessary conditions for an accord before yearend of 1992.

The seven leaders regretted the slow pace of the Uruguay Round of the GATT talks, but added "there has been progress in recent months. Therefore, we are convinced that a balanced agreement is within reach."

The GATT agreement, which envisages ground rules for world trade, set up a series of talks aimed at lowering trade barriers and easing international commerce.

The latest round of the GATT talks to liberalize world trade, which began in Uruguay in 1986, was expected to have been concluded by December 1990.

But it has been stalled by a dispute between the United States and the European Community over agricultural subsidies.

Washington wants more cuts in EC farm support, while the EC insists that hard-won reform of its costly common agricultural policy to cut prices and set aside some farm land are the best the EC can offer.

France, at the center of speculation that it does not want to see a GATT accord until after its referendum on the Maastricht Treaty in September, insists that the EC's common agricultural policy package was an "important step" in the right direction and that it is now up to the U.S. to move.

French President Francois Mitterrand denied charges that France is blocking a GATT agreement for the benefit of its priorities at home, arguing that "negotiations can not be a one-way operation."

But the continued stand-off on GATT between the U.S. and the EC during the Munich summit prompted observers to point out that "political will" to put through GATT finally gave way to their respective domestic priorities for the moment.

U.S. President George Bush, pursuing a shaky reelection bid in November, has refused to back down on the American demand for cuts in EC farm subsidies, as he needs the support of farmers at home and can ill afford to give in to the Europeans now.

Some EC leaders, including Mitterrand, are facing political pressure at home and unwilling to compromise on farm subsidies.

While the G-7 leaders were relishing the prospect of a GATT accord before the year is out, it is no doubt that they are well aware of the tough negotiations ahead.

In yet another indication that things are far from nearing a solution, Bush remarked at the summit that the September French referendum is conditioning France's position at the Uruguay Round.

The benefits from a solution to GATT are obvious. Economists say a tariff-cutting accord at GATT could add at least 100 billion U.S. dollars to the value of world trade, stimulating a weak global economy and creating new jobs.

A recipe is not a panacea after all and it is fair to caution people against expecting too much.

While the G-7 leaders work on "the coordination of economic and financial policies" as "a central element" in their strategy for sustained, non-inflationary growth, the nations' economies appear bound to hobble along for a considerable time to come.

United States & Canada

Article on 'Shocking' Supreme Court Ruling

HK1007032492 Beijing FAZHI RIBAO
in Chinese 2 Jul 92 p 4

["International Forum" by Zhong Maojun (6988 5399 6511): "Does United States Have Right To Kidnap Criminal Suspects Overseas"]

[Text] On 15 June, the U.S. Supreme Court ruled on Mexican doctor (Wenbuto Arwalis Macha), who is suspected of murdering an agent of the U.S. Drug Enforcement Administration, so allowing the U.S. Government to abduct suspects from another country to the United States to face trial, regardless of the country's extradition procedures or protests lodged by its government. Undoubtedly this shocking ruling violates international law.

The UN Charter stipulates in explicit terms that member nations should respect each other's sovereignty and territorial integrity. This is a basic principle of international law. A country has an obligation not to do things which might constitute a violation of the territorial sovereignty of another country. Generally speaking, a state exercises the highest exclusive jurisdiction over all people and things within its territory and no other country has the right to exercise sovereignty there.

The verdict of the permanent international court in the "Lotus" case of 1927 pointed out: An important limitation of international law on a state is that, with the exception of permission and regulations stating otherwise, a state cannot exercise its rights on the territory of another country in any form. Without permission, a country cannot dispatch its troops, naval vessels, or police into the territory of another country; pass through that country; or exercise administration and jurisdiction there, such as arresting suspects, issuing summonses, carrying out police or taxation inspections, requesting the provision of documents, and so on, with the exception of treaties and regulations which state otherwise or the permission of that country's authorities. Otherwise, the country must undertake state responsibility arising therefrom. This is acknowledged by the majority of nations and is implemented in their judicial practice.

For example, when Germany lured former German political refugee (Yagbu Solomon) to Germany without the permission of the Swiss authorities, the Swiss Government lodged a strong protest. The case was then put to arbitration. Not long after the written procedure, Germany admitted that the behavior of the state official in the case was not allowed and handed (Yagbu) over to the Swiss authorities.

In the Adolf Eichmann case, which took place in 1960, Israel dispatched personnel to Argentina to kidnap the escaped Nazi war criminal to face trial in Jerusalem. The Argentine Government denounced Israel at the UN Security Council. The dispute was settled after Israel admitted its mistake and made compensation.

Even in the United States before the 1960's, the courts usually took a negative attitude toward kidnapping suspects from the territory of another country. The decision of the U.S. Circuit Court of Appeals in the (Waklosu Kelir) case in 1931 said that for a U.S. official to take a man wanted by U.S. police from Canadian territory by force was a crime of kidnapping. The court pointed out that it was a violation of a country's sovereignty to illegally take a person from that country and hand him over to the laws of another country.

On the question of whether kidnapping a suspect from overseas to a country is legal, Western scholars generally believe that kidnapping constitutes a violation of that country's sovereignty and thus violates international law. In his book *Principles of Public International Law*, Brownlee said: Without the permission of another country, a country cannot exercise its rights on the territory of that country. This is a generally acknowledged principle.

In view of international law, it should be noted that a country cannot evade its international obligations using its own laws as an excuse. The principle of respect for territorial sovereignty is a fundamental principle of international law and is also the foundation of modern international relations, which no country should belittle under any excuse without the permission of another country. The U.S. Supreme Court ruling, which allows the United States to kidnap suspects overseas, constitutes a brutal trampling of the principles of international law. The U.S. administration must take responsibility for it.

BAN YUE TAN on U.S. 'Neo-Isolationism'

OW0807142292 Beijing BAN YUE TAN in Chinese
No. 11, 10 Jun 92 pp 34-36

["How To View 'Neo-Isolationism' in the United States"—by Huai Chengbo (2037 2052 3134), chief reporter and editorial committee member of the international division of XINHUA News Agency]

[Text] Following the domestic economic recession and sudden reduction of the threat from overseas, the past year or so has seen the emergence of a "neo-isolationist" trend of thought in the United States that calls for a significant scale-down of U.S. involvement in international affairs and priority attention to solving problems at home. Its representative figure is Republican presidential candidate [as published] Patrick Buchanan.

Buchanan's Advocacy

Buchanan, a former aide to President Nixon and President Reagan, is a famous and extremely conservative political commentator in the United States. Buchanan maintains that, in view of its present situation, the United States should base its policy and goals on their immediate interests and try to stay away from other countries' affairs. He believes that the United States has, since World War II, borne all the risks and most of the

financial burden in protecting the West and fighting communism practiced by the Soviet Union, while Japan and Germany, the former enemies of the United States, sat idly by, enjoying the fruits and developing their economies at full speed to pose a challenge to the United States. He put forward seven policy suggestions in this connection: (1) In the Latin American region, the United States should abrogate the Rio de Janeiro Convention and revise the Monroe Doctrine to limit its sphere of application to the north coast of South America, the Caribbean, and Central America. (2) Announce a specific date for the complete withdrawal of ground troops from South Korea. (3) Abrogate the bilateral security treaty with Japan. If any small countries in East Asia wish U.S. fleets to stay, they should bear the costs. (4) No matter how eager the East European countries such as Poland, Hungary and Czechoslovakia are to join NATO, the United States should never extend its nuclear umbrella to the East. (5) Withdraw troops and atomic weapons stationed in West Europe and hand NATO over to the Europeans. (6) Stop all aid to foreign countries, abolish international development agencies, and pull development banks out of Asia, Africa and Latin America. (7) The Congress should prevent the provision of more funds to the International Monetary Fund or the World Bank.

William Hyland, editor-in-chief of U.S. quarterly FOREIGN AFFAIRS, fired the first shot of the "neo-isolationist" group in a signed article published in THE NEW YORK TIMES in the summer of 1991, winning the support of people such as former U.S. Ambassador to the United Nations Jeane Kirkpatrick. Dick Gephardt, a representative leftist figure of the Democratic Party who is inclined toward protectionism, and Democratic presidential candidate [as published] Tom Harkin also have similar views.

Opposite to isolationism is "idealistic internationalism," representative figures of which include (Charles Claiborne) of the weekly NEW REPUBLIC and Joshua Muravchick from the American Enterprise Institute. They maintain that the United States should take advantage of its unique position as the only superpower to step up the export of "democracy" to other parts of the world. This will integrate the United States' "moral responsibility" with its own interests, as only a "democratic world" will guarantee real security for the United States. They believe that the Americans can now establish real "peace under U.S. domination."

Former Secretary of State Henry Kissinger and former State Security Adviser Brzezinski and others have views somewhere in between "isolationism" and "internationalism," as they are opposed to both absolute isolationism and unselective internationalism. The ideology is termed "realistic internationalism."

Background on the Ascent of "Neo-Isolationism"

The United States is mainly made up of immigrants from Europe. Geographically it is separated from the

Euro-Asian continent by two oceans. The inclination toward "isolationism" in U.S. diplomacy can be traced back to the early days of the nation's founding. In a farewell statement to the Congress in 1796 just before he left office, the first U.S. President, George Washington, set forth the principle of not linking the fate of the United States with any part of Europe. In his inauguration speech in 1801, the third U.S. President, Thomas Jefferson, announced that the United States must do all it can to sever all ties with Europe, and "should not get entangled in an alliance with any country." During the 1920's and 1930's, isolationism reached its highest point. At that time the campaign "the United States first" was popular. The background to the emergence of isolationist thoughts in the history of the United States has varied according to the times. And the rise of the so-called "Neo-Isolationism" today is not a coincidence.

First of all, as the cold war drew to a close, the world began to evolve from bipolarization to multipolarization, and differences between the United States and other Western nations became more conspicuous. The policies of all countries began to turn inward, and to focus on the competition of comprehensive national strength, based mainly on the economy and technology, that spans into the next century. The United States spent over \$3 trillion on arms buildup in order to confront the Soviet Union during the cold war. As a result, its national strength is weakened and it is in a process of relative decline. The "peace dividend" people expected after victory in the cold war has not materialized, and the feeling of discontent is widespread.

Second, the economic, social, racial and other conflicts and abuses that have been accumulating inside the United States over the years can no longer be reversed. With the election around the corner, these problems have become the target of public criticism. Ever since Bush assumed the presidency in 1989, the U.S. economy has grown by an annual average of 1.6 percent, the lowest rate since the Truman years. The economic recession began in July 1990 and to date it has yet to bottom out completely. The total amount of national, corporate and personal debts reached a high of \$12.8 trillion in 1990, and was 2.3 times the GNP, approaching the level of the Great Depression in the 1930's. The annual interest on the \$3.6 trillion national debt was almost \$300 billion. This huge amount of debt has caused the actual living standards of the American people to fall below that of the 1980's. The unemployment rate has reached 7.2 percent, and the total number of unemployed nationwide exceeds 8 million. Some 3 million people are homeless. The quality of education has fallen, and 500,000 primary school students and nearly 700,000 secondary school students drop out of school each year. Crime, drug abuse, AIDS and other ugly social phenomena have become chronic illnesses that can no longer be cured. Violation of human rights, like racial discrimination and police brutality, is on the increase year after year.

Third, "neo-isolationism" is also an extension of the great debate on the theory of American "decline." In his book *The Rise and Fall of Big Powers*, published in 1987, Professor Paul Kennedy of Yale University noted that the United States has overexerted its strength overseas for many years, thereby resulting in its decline. At that time, his book caused a sensation and became a best seller. Looking at it now, it is unfortunate that many of the viewpoints were correct.

Although there were divergent views and heated arguments among the Republicans and the Democrats, the two major political parties in the United States, and various political forces and factions, they all have something in common—submissiveness to and serving the "American interests." The so-called "American interests" are none other than those of the great capitalists and financial oligarchies who dominate U.S. society. Basically speaking, they only disagreed in tactics and means, but not strategies and the overall concern. Buchanan claimed to safeguard the ideological quintessence of the Republican Party's conservatism through a thorough overall concern, saying that his presidential run was not merely to seek the presidency, but to convey a message to President Bush to rectify "the revised conservatism tendency" within the Republican Party.

Advocates of "globalism," represented by the mainstream of the Bush Administration, maintained that, in light of the high scientific and technological development and mutual economic dependence and infiltration of the present world, it was both impractical and impracticable for the United States to turn back to isolationism, asserting that the United States should continue to play its role as "world leader" and persist in free and fair trade instead of trade protectionism. In criticizing the words of Buchanan and others, the Bush Administration stressed that the leading role of the United States in the present world is "irreplaceable," and that the United States will never retreat to an "American bastion." The message beamed out from this great foreign policy debate for "attaching importance to domestic problems" was however tacitly noted.

As revealed by the NEW YORK TIMES, in its recently formulated document—"The Guiding Principles for Defense Plans for Fiscal Years 1994-99"—the U.S. Defense Department has not only fully expounded the Bush Administration's defense concept and strategy for the post-Cold War era, but has also negated the overall idea of "neo-isolationism." This document affirmed categorically that the Gulf war has endorsed the U.S. global leading role in the post-cold war era; that the United States must lead in establishing and maintaining a new world order; and that it should prevent and awe potential competitors from challenging it. It was therefore necessary to retain those mechanisms that serve to stop potential adversaries from playing regional and global roles. This shows that it is still the United States' strategic objective to retain its position as the sole world superpower with the intent to exclusively dominate the world. However, due to declined national strength, the

document also set forth principles for "selective" involvements in regional conflicts.

In short, in facing the changing world situation, the United States, as the "sole" superpower wanting to dominate the world, finds itself in a relatively declining process that makes its ability fall short of its wishes. As such, whether or not "neo-isolationism" will gain the upper hand is yet to be seen.

Vice Premier Zou Jiahua Meets U.S. Engineers

OW0907141192 Beijing XINHUA in English
1320 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with a delegation from the Chinese Institute of Engineers of the United States headed by Hsu Y. Hsing, chairman of the institute, here this afternoon.

The institute is composed of U.S. engineers of Chinese origin.

The delegation has been here to discuss the Sino-American technology and engineering conference to be held in Beijing next year. They are guests of the China Association for International Exchange of Personnel.

Li Peng Meets U.S. Citibank Director

OW1007130392 Beijing XINHUA in English
1238 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—Chinese Premier Li Peng said here today that China welcomes foreign banks to invest in China.

He made the remark at a meeting with John S. Reed, director of the board of Citibank of the United States, and his party this afternoon.

He said that China itself has some fund reserves for its economic construction. But its growing economy needs more funds all the time.

"We hope to strengthen our cooperation with foreign banks and welcome them to invest in China's service trades," he said.

Li expressed his appreciation for Citibank's long-standing cooperative relationship with China and its positive attitude to doing financial business with the country.

He said it is his hope that Citibank will help more U.S. entrepreneurs to engage in direct trade with China.

During the meeting Li briefed the visitors on China's present economic situation.

He said the situation is not bad, as China's industrial and agricultural production have maintained a good momentum. Reform in every field is going on smoothly and the financial reform will definitely become a trend of

development. "We will constantly sum up our experiences in this regard and do our best to do the work better," he said.

Reed said that over the past few years China's reform and opening to the outside world have been progressing rapidly, and great changes have taken place in the country.

He said Citibank attaches great importance to its cooperation with China and has decided to further expand its financial business in the country.

It will also work hard to bring more U.S. businessmen to join in cooperation with China, he added.

Reed and his party arrived here this morning at the invitation of the Bank of China.

Bush To Blame Congress for 'Sluggish' Economy

OW1007044292 Beijing XINHUA in English
0416 GMT 10 Jul 92

[Text] Washington, July 9 (XINHUA)—President George Bush is to use a mid-year economic review as a campaign manifesto to blame Democratic-controlled Congress for the nation's sluggish economic recovery, press reports said today.

Richard Darman, director of the Office of Management and Budget, had ordered a rewrite of the normally bland "Mid-Session Review of the Budget," the reports said.

The revised draft will then be used as Bush's chief campaign ammunition to counter the charge that during his tenure the nation has suffered its slowest economic growth cycle since the great depression.

The review will detail Bush's anti-recession proposals—centered on a capital gains tax reduction, home-buyers tax credits and other devices—and give a blow-by-blow account of Congress's failure to enact the plan, the reports said.

The review will also present better economic figures than had been anticipated and project an elimination of the federal budget deficit within a few years.

To be published by July 15 as required by law, the budget review comes at a time when Bush is under enormous pressure to find solutions to the nation's domestic problems.

Democratic presidential challenger Bill Clinton has already spelled out a detailed plan for economic recovery.

Meanwhile, an ABC News-WASHINGTON POST poll released today saw Bush narrowly leading Clinton by 35 percent to 30 percent in the November election stakes.

Undeclared independent candidate Ross Perot also polled 30 percent. The survey's margin of error was three percent.

Bush had thus gained six points from an ABC-POST survey a week earlier while Perot held steady and Clinton lost ground.

Central Eurasia

Joint Prospecting Regulations Set With Russia

OW0907110692 Beijing XINHUA in English
1053 GMT 9 Jul 92

[Text] Moscow, July 9 (XINHUA)—China and Russia have signed a document regarding regulations for the Sino-Russian Joint Committee for Boundary Prospecting at the committee's first meeting here from June 29 to July 9.

Both sides have also agreed on some other documents and detailed rules concerning boundary prospecting in the eastern section of the border, which are expected to be significant for future work.

The Chinese side was led by Sun Lin, chief of the Department of Treaty and Law of the Chinese Foreign Ministry, while the Russian side was represented by G.V. Kireev, the Russian ambassador extraordinary and plenipotentiary.

The committee was set up for on-the-spot prospecting of the eastern section of the Sino-Russian boundaries under a boundary agreement reached on May 16, 1991 between the two countries.

Both sides believed that the smooth development in the prospecting of the eastern part of the boundary will produce a more harmonious and stable environment and promote economic development on the boundaries of both countries.

The committee's second meeting will be held this September in Beijing.

Li Tieying Meets Russian Science Delegation

OW1007114792 Beijing XINHUA in English
1114 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met with a Russian delegation of science and education headed by Vladimir P. Shorin, chairman of the Committee of the Supreme Soviet of the Russian Federation for Science and Education, here this afternoon.

The two sides exchanged views on cooperation in the fields of education, science and technology between the two countries.

The Russian visitors arrived here July 7 as guests of the China North Industries Group. Apart from Beijing, they are scheduled to visit Shenzhen and Shanghai.

Estonian President Demands Russia Withdraw Army
OW0907140392 Beijing XINHUA in English
1348 GMT 9 Jul 92

[Text] Helsinki, July 9 (XINHUA)—Estonian President Arnold Ruutel today strongly demanded the immediate and complete withdrawal of the Russian Army stationed in the three Baltic nations.

Speaking at the summit of the Conference on Security and Cooperation in Europe (CSCE), he said the continued existence of the former Soviet Army in the Baltic countries was contrary to international law, could cause regional conflict and endangered Nordic states.

He expressed regret and disappointment over the CSCE's failure to help solve the issue and to end the conflict in Europe generally.

Ruutel said that when blood was shed in Europe, all the CSCE could do was show regret. The greatest need of Europe at present was a system to prevent confrontation and to safeguard the security of countries.

Ruutel also said he hoped that the annual meeting of the new European Security Tribune that the CSCE had decided to set up was a real move toward guaranteeing the security of Europe.

Southeast Asia & Pacific

Chea Sim of Cambodia Arrives in Beijing
OW0907134392 Beijing XINHUA in English
1326 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—Chea Sim, a leader of the Phnom Penh side of Cambodia, arrived here this afternoon for a visit to China upon invitation.

Chinese Vice-Foreign Minister Xu Dunxin greeted him at the airport.

Columnist Urges Negotiations on Spratlys Dispute
HK1007062992 Hong Kong TA KUNG PAO
in Chinese 10 Jul 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Lay Aside Differences and Jointly Develop Nanshas (Spratlys)"]

[Text] China Holds Absolute Sovereignty Over Nanshas

Yesterday, Wu Jianmin, Chinese Foreign Ministry spokesman, reiterated at a news conference attended by Chinese and foreign reporters that the Nansha Islands, including Nanxun Jiao, have always been China's territory since ancient times. However, he also said that in consideration of the differences which exist between China and other countries, China stands for removing differences and jointly developing the region.

The statement from the foreign ministry spokesman responded to a recent dispute between Vietnam and China about sovereignty over the Nanshas.

In the several decades since the War, China has repeatedly issued official statements about its sovereignty over the Xisha and Nansha Islands and has pointed out that China has always had sovereignty over these islands since ancient times. Vietnam, which now argues about sovereignty over these islands with China, also issued an official statement not long ago which acknowledged that sovereignty over the islands belonged to China. This can be verified and proven by a large number of historical materials and diplomatic documents.

In February this year, the National People's Congress Standing Committee adopted China's first "Territorial Sea Law," which explicitly includes the Nansha Islands in China's territorial seas in the form of official legislation. This aroused controversy in some countries.

The historical documents show that Chinese people set foot on the islands of the South China Sea, including the Nanshas, several hundred years ago. More recently, after the founding of the Republic of China, the Chinese Government also dispatched its navy to lay a territorial stone tablet on the Nanshas.

China and the United States Signed Contract To Develop Oil in South China Sea

In November 1991, Sino-Vietnamese relations were normalized and both sides basically agreed that Chinese Premier Li Peng would visit Vietnam by the end of this year. However, the recent contradiction between the two countries started with the signing of a Sino-U.S. contract on jointly developing offshore oil resources in the Nanshas in May this year. Vietnam expressed its unhappiness at this. On the one hand, it vigilantly observed China's actions, and, on the other hand, demanded that China give up the contract it signed with the American oil company and dispatched troops to land on some of the Nanshas.

On 8 July, NHAN DAN, the official organ of the Communist Party of Vietnam, condemned China for sending naval landing ships and other ships to Nanxun Jiao on 4 July to erect a stone tablet indicating sovereignty and transport materials onto the reef island. As China has undisputed sovereignty over the Nanshas, Vietnam's accusation is absolutely groundless. The oil exploration agreement between China and the United States is an affair within China's sovereign jurisdiction, and this is completely indisputable.

International Disputes Over Offshore Oil

However, China continues to set great store by friendship with its neighbor Vietnam and has proposed that differences be shelved and joint development arranged. The leaders of the two countries have discussed and agreed that problems existing in bilateral relations should be settled through negotiations in due course.

Therefore, if Premier Li Peng visits Vietnam in November this year, that will provide a good opportunity for talks on these issues.

The Nansha Islands comprise 185 islands, sandbars, submerged reefs, and shoals. Among them, 23 are completely above sea level. The bigger islands include Taiping, Zhongye, Nanwei, Mahuan, Nanzi, and Beizi. Most of the other islands and reefs only appear above the water surface when there is a low tide. In the past, because the islands are located in distant places and transportation is inconvenient, and also because the islands are small in size with impoverished soil, they were not noticed by the various parties concerned.

In the last 20 years or so, the new rising countries of Southeast Asia have made progress in economic development and foreign trade. In particular, they attach importance to energy and shipping development. The oil resources of the South China Sea have attracted attention from all the parties concerned. The Philippines, Malaysia, and Indonesia all claim sovereignty over some islands in the Nanshas; and some of them have even sent troops to occupy the islands. Recently, Brunei also involved itself in the dispute; again for the purpose of seizing oil resources there. This further expanded and complicated the territorial disputes in the South China Sea. On this, China has repeatedly stated that it has sovereignty over the Nanshas, but China has also proposed that the disputes should be shelved and that the countries concerned should discuss international cooperation in jointly developing the resources of the South China Sea. China's position is completely reasonable. If anyone thinks that China has softened its position and stubbornly tries to challenge China's sovereignty, that will not do any good for any party. Disputes between neighboring countries should be solved through consultations, and this is particularly so under the current world situation.

Ambassador to Hanoi Views Sino-Vietnamese Ties

HK1007075192 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1144 GMT 7 Jul 92

[By Zhao Wen (6392 2429): "Chinese Ambassador to Vietnam Points Out That Hurdles Remain in Development of Sino-Vietnamese Relations"]

[Text] Hanoi, 7 Jul (ZHONGGUO TONGXUN SHE)—Following the normalization of Sino-Vietnamese relations, the Chinese ambassador to Vietnam, Zhang Dewei, said that the two countries have gradually resumed contacts and cooperation in the fields of economy, trade, science and technology, communications, and culture. In particular, border trade between the two countries has been brisk. However, there are still obstacles to Sino-Vietnamese relations, mainly manifested in territorial disputes and nationals residing on the other side.

Zhang Dewei told me that China and Vietnam resumed normal relations last November based on the five principles of peaceful coexistence and signed a trade agreement, a provisional agreement for handling border affairs, and other agreements. Over the past six months or so, economic and trade relations between the two countries have developed steadily and border trade particularly presents a scene of prosperity. Thanks to concerted efforts made to maintain and strengthen management, border areas are peaceful and tranquil on the whole. Moreover, postal and telecommunications between the two countries have gradually resumed and are making progress. We cannot expect to settle within a short period of time territorial disputes left over from history, which is a rather difficult problem at present and which will, to a certain extent, affect the further development of bilateral ties.

In accordance with the joint communique on the normalization of relations between China and Vietnam, both sides agreed to hold talks to peacefully settle the border and other territorial issues and to appropriately resolve the question of nationals residing on the other side through friendly consultations in due course.

Liu Huaqiu Addresses South Pacific Forum

OW1007114692 Beijing XINHUA in English
1119 GMT 10 Jul 92

["China/South Pacific Links Strengthened, Says Chinese Vice Foreign Minister (by Yang Guojun)"]

[Text] Honiara, Solomon Islands, July 10 (XINHUA)—New and important progress has been made in both the political and economic relations between China and the South Pacific nations, said Chinese Vice-Foreign Minister Liu Huaqiu here today.

In his speech to the first plenary post-forum dialogue meeting of the 23rd South Pacific Forum conference, Liu said that China's strengthened relations with the South Pacific island nations was partly reflected by the visits of some top leaders of countries in the region.

The leaders include the presidents of the Marshall Islands, Kiribati and the Federated States of Micronesia, the secretary general of the South Pacific Forum, foreign affairs ministers of Australia and New Zealand, as well as the speakers of parliaments of Micronesia, the Marshall Islands and Vanuatu.

The visits, Liu said, had worked well for deeper mutual understanding, closer bilateral ties and strengthened friendship and cooperation.

Economically, Liu noted, trade and cooperation in economic and science and technological fields had also been expanded and enriched.

So far, China has signed seven agreements on economic, and technical cooperation with seven island nations in

the region having diplomatic relations with China, providing them with interest-free loans and grants to help them building government office buildings, conference centres, parliament houses, airports, sports facilities, schools, power stations, drinking water projects and some urgently needed industrial and agricultural projects.

The loans and grants have amounted to several hundred million Chinese yuan, according to a reliable source here.

In addition, China has also offered scholarships for people from the island nations and sent medical personnel there to meet their needs.

This year, the Chinese government would also provide new loans and grants to some countries in the region, Liu disclosed.

Though the amounts of assistance China has provided might not be very large, they have been offered with sincerity and earnest [word as received]. And China would take a responsible attitude towards the aided projects so as to avert difficulties or losses for the recipient countries, Liu said.

In turn, Liu stressed, the South Pacific nations have also given China much help and support, citing the donations made by some South Pacific countries to the Chinese government and people in the flood-stricken areas last year. For which, Liu said, the Chinese government had expressed its heartfelt thanks.

The dialogue meeting began this morning following the two-day 23rd Annual South Pacific Forum Conference ended Thursday. Liu was the representative of the Chinese government to the dialogue partners meeting. Participating in the scheduled two-day dialogue meetings are representatives from six countries and the European Community.

The six countries are Canada, represented by Pat Carney, personal representative of the secretary of state for external affairs, Japan, represented by Koji Kakizawa, parliamentary vice-minister for foreign affairs, Britain, represented by Alistair Goodlad, minister of state Foreign and Commonwealth Office, France, represented by Jacques le Blac, permanent secretary for the South Pacific, and the United States, represented by Richard English, deputy assistant secretary of state for East Asia and the Pacific. The European Community which became a dialogue partner from last year, was represented at this year's meeting by Philippe Soubestre, EC's deputy director general for development.

Qiao Shi Meets Visiting Lao Party Officials

*OW0807154092 Beijing XINHUA in English
1313 GMT 8 Jul 92*

[Text] Beijing, June 8 (XINHUA)—Qiao Shi, Standing Committee member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met

here this afternoon with a delegation from the Supervisory Commission of the Lao People's Revolutionary Party.

The delegation is led by Commission Chairman Maichantan Sengmani, who is also a member of the Political Bureau of the party central committee.

This is the first delegation from Laos' supervision and inspection departments since the two countries fully normalized relations in 1989.

Qiao, also secretary of the CPC Central Commission for Discipline Inspection, said the visit will promote the exchanges and cooperation between the supervisory organs and benefit the economic development, reform and opening of the two countries.

In the meeting, Qiao briefed the Lao visitors on the gist of Deng Xiaoping's remarks made on a tour of southern China earlier this year, as well as the efforts of various localities to speed up reform and open wider to the outside world in line with the remarks.

Maichantan said his group learned many useful experiences during the current trip.

Chinese Minister of Supervision Wei Jianxing and Deputy Secretary Wang Deying of the CPC Central Commission for Discipline Inspection held talks with the Lao group on separate occasions.

The delegation will also tour Qingdao, Shanghai, Guangzhou, Zhuhai and Kunming.

Australian Minister on Prospects for Economic Ties

*OW0907134892 Beijing XINHUA in English
1303 GMT 9 Jul 92*

[Text] Canberra, July 9 (XINHUA)—There are bright prospects for a healthy and growing economic relationship between Australia and China, Minister for Trade and Overseas Development John Kerin said here today.

The economic reforms in China have unleashed a dynamic process, which makes it important to Australia as a regional trading partner, Kerin said when addressing the Victorian Branch of the Australia-China Chamber of Commerce and Industry today.

"In the face of the commitment of the Chinese leadership to economic reform and the open-door policy, perceived uncertainty arising from political factors diminishes," the minister said.

"I got a good feel for the changes taking place in the growth crescent of southern coastal China," said the minister, who visited Hong Kong, Macao and China's Guangdong province and the city of Shanghai in May this year.

The combination of semi-private enterprise, low labor costs, foreign investment and export orientation has led to high economic growth in China, Kerin said.

Foreign capital is playing an increasing role in the East China region, where there are growing opportunities for Australian companies, the minister said, adding that a very sound base for technical cooperation has been established between China and Australia.

We have now reached the point where we can and should increase the emphasis on encouraging a further matching of commercial cooperation with technical cooperation, Kerin said.

"There's plenty of room on board—get onto it and get your feet wet," the minister urged.

Near East & South Asia

CPC Senior Official Meets Syrian Guests

OW0807120592 Beijing XINHUA in English
1143 GMT 8 Jul 92

[Text] Beijing, July 8 (XINHUA)—Wen Jiabao, alternate member of the Secretariat of the Central Committee of the Communist Party of China (CPC), met with a delegation from the Communist Party of Syria, headed by 'Abd'al-Wahab Rashwani, member of the political bureau of the party, here this afternoon.

They had a friendly conversation during the meeting.

The Syrian guests arrived here July 6 at the invitation of the CPC. Besides Beijing, they are also scheduled to visit Shanghai, Wuxi and Dalian.

Column Views Recent Labor Victory in Israel

HK1007023892 Beijing GUANGMING RIBAO
in Chinese 4 Jul 92 p 4

["International Forum" by Li Shaoxian (2621 4801 0341): "Middle East Situation After General Elections in Israel"]

[Text] Israel's general elections were held on 23 June. Of the 120-seat Knesset, or parliament, the left, led by the Israeli Labor Party, won 61 seats, including 44 seats won by Labor; the Meretz got 12 seats; and the right, led by the Likud, won 59 seats. Suffering a serious setback, Likud got only 32 seats. The results of the elections indicate that the people of Israel want a change and that they long for peace and an improvement in the domestic economy.

In light of Israel's election laws, Labor leader Rabin will replace Shamir and form a new cabinet. Rabin said that he will form a "government with extensive foundations" as quickly as possible in July so as to maintain the stability of the new government.

It is generally acknowledged that the new Labor-led government will drastically adjust Israel's foreign policy.

Israeli-Arab talks. Labor backs the principle of "exchanging land for peace" and is ready to "make due

concessions on land." Rabin has said on numerous occasions that once he assumes office, he will "stop the building of settlements" and "reach an agreement on autonomy with the Palestinians within nine months." For this reason, the new government is likely to announce the suspension of settlement building in the occupied territories, take a more flexible attitude toward Arab-Israeli peace talks, and make some compromises on the question of Palestinian autonomy during the transition period. However, Rabin is also known as "a hawk among doves." He is against restoring the 1967 border. The territorial concessions do not include Jerusalem and its surrounding areas, the Golan Heights, and the strategic areas in the Jordan Valley related to the "security of the Jewish state." He is against the establishment of an independent Palestinian state and has refused to recognize the PLO. He has separated Jewish settlements into "political" and "secure" categories and has not suspended building "secure settlements" in the above-mentioned strategic areas. Apparently, the Labor policy has a dual nature.

Israeli-U.S. relations. Rabin made a special contribution to the development of special U.S.-Israeli ties when he served as ambassador to the United States for five years. When Rabin assumed the Labor leadership, replacing Peres in February this year, the United States pursued a policy of "backing Rabin at the expense of Shamir." The United States' tough stance on the question of loan guarantees put Shamir in a dilemma and helped Rabin. Rabin has repeatedly stated that friendship with the United States is fundamental. It is thought that once the new government is set up, Rabin will visit the United States very soon so as to reestablish "trust and understanding" and obtain U.S. loan guarantees at an early date.

Economic issues. With the unemployment rate reaching 11.5 percent at present and inflation at 25 percent, the budget deficit has surpassed 10 percent of GDP. The economic difficulties were a powerful Labor weapon to attack the Likud. However, Labor itself does not have better solutions to the economic problems. During the general elections, Labor just promised that it would reduce unemployment, improve the economic situation, and transfer funds for building settlements to other economic fields. Labor will pay more attention to the economy after it assumes power, but it cannot fundamentally resolve current economic difficulties.

The result of Israel's general election, which fits the Middle East situation following the Madrid peace conference, will exert a profound influence on the Middle East situation in the future and on domestic political developments.

Although certain progress is possible in the Middle East peace process, Arab-Israeli peace talks will be an arduous process full of fierce bargaining. Thanks to the establishment of a new Israeli government and the resumption of the Arab-Israeli peace talks, the peace process in the Middle East will be accelerated somewhat. The conditions are ripe for Israel to reach an agreement with the

Palestinians on interim "limited autonomy" (Israel exercising control over national defense, security, and foreign affairs) on the west bank of the Jordan River and the Gaza Strip. Ties between Israel and Syria will also improve correspondingly. Nevertheless, the continuation of Israeli-Syrian talks will be a difficult point in the peace talks. In view of Labor's dual nature and the fact that the United States is now involved in the general elections, it is unlikely that "a miracle" will happen in the Middle East peace process. As pointed out by Dr. Hanan Ashrawi, spokesman for the Palestinian delegation: "There will be changes" after Labor assumes power, but "dealing with Labor will not be easier than dealing with the Likud and the talks ahead will not be plain sailing."

U.S.-Israeli relations will improve somewhat. The U.S. administration is pleased with the Labor victory. James Baker has said that the "Bush administration will strengthen close cooperation with the new Israeli Government and further U.S.-Israeli ties of partnership." The improvement in U.S.-Israeli ties will enhance the position of the United States in the Middle East peace talks and will also enable Bush to win votes from Jewish-Americans.

Israel's domestic politics will be affected. The Likud has suffered serious setbacks. Shamir has hinted that he will withdraw from the political arena, and Arens also intend to resign. As a result, a split in the Likud cannot be ruled out. Moreover, the left-wing Meretz has become the third largest party and the "main mediation force" within the new government. The Meretz maintains that the Palestinians should have their own country, which indicates that for the first time in 20 years there will be a voice in the coalition government which supports the establishment of a Palestinian state.

The two major parties in Israel have both proposed maintaining friendly ties with China and wish to further consolidate and strengthen Sino-Israeli ties through cooperation and exchanges in various fields. For this reason, there are bright prospects for Sino-Israeli relations.

Sub-Saharan Africa

Yang Shangkun on Developing Sino-African Ties

Supports African 'Independence'

OW0907213292 Beijing XINHUA in English
2005 GMT 9 Jul 92

[Text] Abidjan, July 9 (XINHUA)—Visiting Chinese President Yang Shangkun noted here today that China attaches importance to its relations with the African countries and is ready to strengthen such relations in the current new international situation.

Yang made these remarks in an interview with Cote d'Ivoire TV correspondent Degny Maixent this afternoon.

The Chinese president also outlined China's principles in developing Sino-African ties.

He voiced China's support to African countries for their national development and unity, as well as their effort for a equal role in international affairs.

Yang is on a state visit to three African countries including Morocco, Tunisia and Cote d'Ivoire, the first by a Chinese head of state to these three nations.

The principles Yang stated are as follows:

- China supports the African nations in their efforts to safeguard state sovereignty and national independence, counter external interference and develop economy.
- China respects the choices of political systems and roads of development made by the African nations in light of their respective national conditions.
- China supports the African states in strengthening their solidarity and cooperation, seeking strength through collective efforts and resolving disputes between states through peaceful consultations.
- China supports the Organization of African Unity (OAU) in its efforts to seek peace, stability, development and economic integration on the African Continent.
- China supports the African states in their active involvement as equal members of the international community in international affairs and in their efforts for the establishment of a just and rational international political and economic order.
- China is ready to develop friendly exchanges and economic cooperation in multiple forms with the African countries on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression and non-interference in each other's internal affairs, equality and mutual benefit and peaceful co-existence.

The Chinese president further noted that the Chinese and the African peoples shared the same plight of being subject to imperialist and colonialist exploitation and oppression.

He added that at present "the common task of safeguarding world peace and developing economy has brought us together closely."

Meets Ivory Coast Parliament Chief

OW0907213892 Beijing XINHUA in English
2107 GMT 9 Jul 92

[Text] Abidjan, July 9 (XINHUA)—Chinese President Yang Shangkun met here today with Henri Konan Bedie, president of the National Assembly (or parliament) of Cote d'Ivoire.

Yang, who is on a state visit to this country, arrived here from Yamoussoukro, Cote d'Ivoire's political capital, earlier today.

During the meeting, Bedie called Yang's current trip a "historic event."

He noted that a special group for friendship with China was formed in the National Assembly as an aid to the government for expanding cooperation with China.

Yang said, in turn, that the contacts between the National Assembly of Cote d'Ivoire and China's National People's Congress (NPC) constitutes an important part of bilateral ties.

He expressed the hope that the National Assembly and the NPC strengthen cooperation.

Yang spoke highly of Cote d'Ivoire's domestic policy with the purpose of peace, stability, consultation and development, and its non-aligned foreign policy.

The Chinese president expressed his appreciation for the Cote d'Ivoire Government's position of "one China" and not having official relations with Taiwan.

He also extended gratitude to Cote d'Ivoire for its support to China's becoming a observer of the Non-Aligned Movement and to the restoration of China's position in the General Agreement on Tariffs and Trade (GATT) as a signatory state.

Prior to the meeting, Yang was awarded an honorary citizenship of Abidjan at a ceremony held by the municipal government.

West Europe

Reportage Continues on Visit by Swiss Minister

Meets Li Lanqing

LD0707175592 Bern Swiss Radio International
in English 1500 GMT 7 Jul 92

[Text] The Swiss Economics Minister Jean-Pascal Delamuraz has held talks with Chinese Government officials on the first day of his visit to Beijing. He was welcomed on his arrival by the director of the Ministry of Foreign Economic Relations Li Lanqing. Mr. Li, speaking at a banquet in Mr. Delamuraz' honor, said China intended to continue its economic reform program and hoped to see the two countries continue their cooperation on a commercial, technical and scientific level. Mr. Delamuraz' visit, on which he is being accompanied by around 30 Swiss business leaders, is the first to China by a Swiss Government minister since the 1989 Tiananmen Square massacre. He is due to meet the Chinese Prime Minister Li Peng on Wednesday.

Views Intellectual Property Rights

HK0907140092 Hong Kong AFP in English
1302 GMT 9 Jul 92

[Text] Beijing, July 9 (AFP)—Switzerland has signed with China an agreement on the protection of intellectual property, Swiss Economy Minister Jean-Pascal Delamuraz announced Thursday in Beijing.

Switzerland is the second western country, after the United States, to sign such an agreement with Beijing that assures the protection of author's rights and patents.

The document was signed Wednesday by Delamuraz and Chinese Minister of Foreign Economic Relations and Trade Li Lanqing.

Delamuraz also told reporters that he carried with him Switzerland's support for China's candidature as a member of the Geneva-based General Agreement on Tariffs and Trade (GATT).

Bern supports Beijing's candidacy before that of Taiwan, which also wants to join GATT, he added. Beijing is not opposed to the entry of Taiwan to the treaty, provided it comes after China itself is admitted.

The Swiss minister announced the sending of a government envoy to Beijing in the next few days for more detailed talks with the Chinese government on the matter.

Delamuraz, who held discussions Wednesday with Chinese Premier Li Peng, also reported that Chinese authorities had responded to a request for information on 27 political prisoners.

With the exception of two of the prisoners, the authorities confirmed their identities and provided the place and length of time in detention.

Delamuraz left Beijing on Thursday, after the official part of his visit, for the the eastern coastal city of Shanghai.

Says Swiss Sanctions To Remain

LD0907184992 Bern Swiss Radio International
in English 1500 GMT 9 Jul 92

[Text] Switzerland's economics minister, Jean-Pascal Delamuraz, continuing his visit to China, says Swiss sanctions against Beijing will remain until human rights guarantees and democracy have attained sufficient maturity.

Mr. Delamuraz, speaking before leaving Beijing to visit the City of Shanghai, said an arms embargo imposed after the 1989 Tiananmen Square massacre would remain in force.

On Wednesday Mr. Delamuraz met the Chinese prime minister, Li Peng and raised the subject of human rights.

Political & Social

CPC Issues Notice Abroad on Xu Jiatun Article

HK1007111292 Hong Kong CHING CHI JIH PAO
in Chinese 10 Jul 92 p 3

[Report by special correspondent Lin Fang (2651 2455):
"CPC Issues Notice to Its Organs Abroad, Instructing
Them Not To Cherish Illusions About Xu Jiatun"]

[Text] Since the publication of "On Peaceful Progressive Evolution—Reflections After World Socialist Movement Enters Low Ebb," an article by Xu Jiatun, former chief of XINHUA Hong Kong Branch, a certain degree of response has been aroused at home and abroad. In light of this, the CPC Central Committee recently issued to its overseas organs a notice, which said Xu Jiatun used Deng Xiaoping's southern tour speeches to defend his behavior of betraying the party and used the article to meet the needs of the reactionary political forces overseas. The notice demanded that party members not cherish illusions about Xu Jiatun.

According to information, since Xu Jiatun fled to the United States in May 1990, the CPC has always watched closely his words and deeds abroad, and instructed its organs in the United States and Hong Kong to quickly report to Beijing any move by Xu Jiatun. Since Xu Jiatun's "On Peaceful Progressive Evolution" was published, the departments concerned have reported Xu Jiatun's article to Beijing, as well as the articles carried by the mass media overseas, such as the comment written by Jin Yaoru [6855 1031 1172], and asked about measures to handle the issue.

An informed source disclosed that the notice issued by the CPC Central Committee to the organs overseas in response to Xu Jiatun's article mainly includes the following points:

The notice said that overseas Xu Jiatun cannot remain silent permanently because he has material and financial needs. The essence of the article "On Peaceful Progressive Evolution" is to help the Western reactionary forces carry out peaceful evolution in China. The timing of the article after Deng Xiaoping's southern tour speeches was an attempt to utilize Deng Xiaoping's speeches to defend his own behavior of betraying the party, and to elevate himself to a higher status.

The notice pointed out that after the "4 June" incident, Xu Jiatun went to the United States without authorization, using the excuse of touring and resting, and that he had not returned for two years and had lost his qualification as a party member a long time ago. Xu Jiatun has become completely decadent and corrupt politically, ideologically, and in his lifestyle, therefore they should not cherish any illusions about Xu Jiatun.

The notice also instructed them to handle Xu Jiatun's article in a low key manner, and refrain from organizing criticism and comment.

According to an analysis by an informed person who is close to the Chinese side, although Xu Jiatun was once active in the senior political circles of the CPC and knew a lot of confidential information, with the passage of time and the further opening of China, Xu Jiatun's threat to the CPC has become smaller, and his value in being utilized by overseas reactionary forces has become smaller too. Therefore, the senior level of the CPC, including Deng Xiaoping himself, has no need to acknowledge Xu Jiatun. The so-called "Deng Xiaoping welcomes Xu Jiatun to return to the country" is only a rumor stemming from wishful thinking. Responding to the instruction from the CPC Central Committee, the communist mass media abroad have not organized criticism and comment, and this has objectively given people the wrong impression that the CPC has a welcoming attitude toward Xu Jiatun.

Court Sentences Student's Murderers to Death

OW0907151692 Beijing XINHUA in English
1448 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—The Beijing Intermediate People's Court sentenced two men to death here today for the murder of a university student.

On the evening of April 25 this year Zhang Xueqiang and Yang Weidong entered the ballroom of the Beijing Broadcasting Institute and became involved in a fracas.

The two stabbed student Wan Chengzhao to death, injuring two other students at the same time.

They were arrested the next day.

'Text' of Circular on Students' Social Activities

OW0507065492 Beijing XINHUA Domestic Service
in Chinese 0931 GMT 3 Jul 92

[Text] Beijing, 3 July (XINHUA)—The General Office of the CPC Central Committee and the General Office of the State Council recently disseminated the "Opinions on Holding Regular and In-Depth Social Practice Activities for Students of Institutes of Higher Learning"—drawn up by the Propaganda Department of the CPC Central Committee, the State Education Commission, and the Central Committee of the Communist Youth League [CYL]—and issued a circular. The text of the circular reads as follows:

The CPC committees and people's governments of all provinces, autonomous regions, and municipalities; all departments and commissions under the CPC Central Committee and state organs; the General Political Department of the Military Commission [jun wei zong zheng zhi bu, 6511 1201 4920 2398 3112 6752]; all civic bodies:

The "Opinions on Holding Regular and In-Depth Social Practice Activities for Students of Institutes of Higher Learning"—drawn up by the Propaganda Department of

the CPC Central Committee, the State Education Commission, and the CYL Central Committee—are hereby transmitted to all of you. Please implement these opinions fully.

The education of the builders of and successors to our socialist undertakings is a heavy responsibility shared by the whole party and society. Social practice activities are an effective way under the new historical conditions for carrying out the principle of integrating education with productive labor and for strengthening the link between education and practice. They have great significance for helping college students gain an in-depth understanding of our national conditions; for enhancing students' consciousness of reform and opening up; for raising their self-consciousness of adhering to the party's basic line; for adopting a path of growth that integrates the students' practice with the practice of the masses of workers and peasants; and for improving their overall quality, especially their ideological and political consciousness. College students' social practice activities are an important part of socialist higher education. Party committees and governments at all levels should attach sufficient importance to these activities from the strategic viewpoint of educating the builders of and successors to our socialist undertakings, include these activities in their work schedules, and effectively strengthen leadership over these activities. Enterprises and institutions, as well as rural areas, should actively support college students' social practice activities and provide necessary conveniences for the activities. Through the common efforts of all quarters, we should make holding college students' social practice activities an established system, and we should hold these activities on a regular basis.

Peng Chong Assesses People's Congress System

OW0907143392 Beijing XINHUA in English
1417 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—The task of improving the People's Congress system is a difficult one, according to Peng Chong, vice-chairman of the National People's Congress Standing Committee.

He said this at a symposium on the People's Congress system, which closed here today.

"China's political reforms started from perfecting the People's Congress system, which has played an important role in the country's political life," said Peng.

He held that China can only maintain stability and carry on smoothly its socialist construction, reforms and opening through acting on the basic political system of the People's Congress.

He also pointed out that, at present, the system is still far from perfect, and its advantages have not been fully demonstrated. Many things are not done according to law and the democratic rights of some deputies to people's congresses at various levels have been violated from time to time.

He attributed these things to both historical and present reasons. "China lacks the experience of building democratic and legal systems after hundreds of years of feudalism. Many people still don't have the habit of behaving in accordance with law," he added.

Education is necessary to make people aware of the importance of the People's Congress system and update their ideology, according to Peng.

CPC Central Committee Thanks for Li Condolences

OW0807022492 Beijing XINHUA Domestic Service
in Chinese 0549 GMT 7 Jul 92

["Text of Public Announcement of the General Offices of the CPC Central Committee, the Standing Committee of the PRC National People's Congress, the PRC State Council, the Central Military Commission, and the National Committee of the Chinese People's Political Consultative Conference"—XINHUA headline]

[Text] Beijing, 7 Jul (XINHUA)—After Comrade Li Xiannian, chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], died, government departments, parties, amity groups, and friendly personages of all walks of life from many countries; diplomatic envoys in China; Overseas Chinese and Chinese nationals residing abroad; and countrymen in Hong Kong, Macao, and Taiwan have sent us telegrams and letters to express their profound condolences. The General Offices of the CPC Central Committee, the Standing Committee of the National People's Congress, the State Council, the Central Military Commission, and the CPPCC National Committee have been instructed to express their wholehearted thanks for this.

Commentator on Importance of Emancipating Mind

HK0907012892 Beijing GUANGMING RIBAO
in Chinese 25 Jun 92 p 1

[Commentator's article: "Emancipation of Mind Magic Weapon"]

[Text] Comrade Deng Xiaoping's talks during his inspection tour to the south marked that China's reform and opening have entered a new development stage. In the new stage, we have to do a great deal of work in all fields, but the first important thing we should do is to further emancipate people's minds. General Secretary Jiang Zemin recently pointed out: "The emancipation of the mind is a magic weapon, which helps us always maintain vigor and dynamism in our minds and in our work. It must be kept and used for a long time along with the development of construction and reform." Innumerable facts show that only when the mind is really emancipated and becomes quick can one be bold and have more methods and make greater strides. Only thus can competent personnel appear, can experience be gained, and can positive results be achieved. Therefore, corresponding to the new stage of reform and opening up, the

emancipation of the mind should also enter a new stage, and should be continued for a long time and be continuously developed.

Thought is the guide of action. If the mind is emancipated one step ahead and the understanding is raised one step ahead, then practice will also advance one step ahead and society will develop one step ahead. In the past 13 years since the beginning of reform and opening, our country has achieved great results attracting world-wide attention. In the final analysis, this was the result of our unremitting efforts to emancipate the mind. Every person who has experienced these eventful years certainly deeply feels that without the incremental emancipation of the mind, the minds of our cadres and the masses would still be shackled by some backward, out-of-date, and traditional conceptions, then such things as bonuses and rural fair markets would have been simply aborted, and there would not have been such new things as the special economic zones and the joint-stock system. Thanks to the continuous emancipation of the mind and the continuous efforts to break the shackles of the backward traditional conceptions, we can create today's thriving favorable situation. Reviewing the past enables us to better understand the present. In the new stage of reform and opening, the emancipation of the mind is still the most important task.

Our reform develops from some easier links to more difficult links and expands from some points to areas [you dian dao mian 3945 7820 0451 7240]. As reform and opening have entered a new stage, there will be more and greater difficulties, and the work will be more arduous. There will certainly be no hope if we still follow the old conceptions and old methods. We will also find it very hard to make advances if our thinking remains at the level of the initial stage of the reform. This developing situation requires us to proceed from the developing and changing realities, be bolder, have newer thoughts, and acquire a stronger pioneering spirit on the basis of emancipating the mind in the previous period. It is necessary to take commodity production, market exchange, the law of value as inevitable products of economic operation, and to thoroughly reform the highly centralized structure of the planned economy according to the objective economic law. We should have courage to use the fruits of civilization created by human society for our own purposes and to assimilate and take as reference all advanced operation modes and management methods in all countries, including developed capitalist countries, in the world. In addition, we should also broaden our vision on such issues as the economic growth rate, the sense of commodity and opportunity, the relationship between allowing some people to get rich ahead of others and making all people get rich together, taking science and technology as the primary factor of productive forces, and the movement of personnel. In short, at the crucial juncture of reform and opening in the 1990's, we must make better use of the magic weapon of "emancipating the mind," and strive to break fresh ground and make advances, thus creating a new situation in reform and opening.

In the course of expediting reform, opening, and economic construction, leading cadres at various levels will shoulder heavy tasks. Practice in the last more than 10 years of reform and opening shows that wherever leading cadres can properly emancipate their minds, reform and opening are certainly vivid and dynamic, and economic construction certainly develops rapidly. We can say that in a locality or in a department, whether the minds of leading cadres are further emancipated will be the key factor that determines whether reform and opening in that locality or in that department will leap to a new stage and whether economic construction there will mount to a new level. Therefore, leading cadres at all levels should take the lead in emancipating the mind.

The movement of emancipating the mind beginning from the Third Plenary Session of the 11th CPC Central Committee helped people greatly free their minds from the shackles of old ideas, old conceptions, and especial the "leftist" ideology. This brought about a surging tide of reform and opening up throughout the vast territory of China, and added unprecedented vigor to our national economic and social development. At present, we are facing both difficulties and hopes; risks and opportunities exist side by side. The further emancipation of the mind will certainly add an inexhaustible driving force to the new stage of reform and opening and will enable us to fulfill the great mission history entrusts to us.

Party School Students Laud Deng's Talks

OW0807213992 Beijing XINHUA Domestic Service
in Chinese 2145 GMT 6 Jul 92

[Newsletter by XINHUA reporter He Ping (0149 1627): "Forge Ahead While Emancipating the Mind—Thoughts of Advanced Students at the Central Party School"]

[Text] Beijing, 7 July (XINHUA)—What is the significance for our country and our nation of a crucial historical period and a crucially important speech?

People are pondering this question....

On the eve of "1 July," this reporter visited the Central Party School in Beijing's western suburbs and interviewed some students in the advanced class. They are a group of leading party and government cadres from various parts of the country. They expressed a common aspiration: The key to implementing the talks made by Comrade Deng Xiaoping during his inspection tour of southern China lies in emancipating the mind, seeking truth from facts, boldly trying out things, seizing the opportunity to accelerate the pace of reform and opening up, and concentrating on economic construction.

Seize the Opportunity for Accelerating Economic Development

In the final analysis, international competition is a trial of overall national strength, which is based on economic viability. On the question of whether our country can seize the opportunity to accelerate development and strive to

develop the national economy faster and better, many students displayed an intense awareness of the urgency of the situation, as well as a sense of responsibility.

Suzhou, a developed city in the Changjiang Delta, has achieved a high economic growth rate, with a total output value of more than 70 billion yuan, up from the little over 7 billion yuan that existed at the start of reform and opening up. But Mayor Zhang Xinsheng will not let this achievement intoxicate him into complacency. He said: On the surface, this growth rate is higher than that of developed countries. But in fact we started from much smaller base figures than others, and chances are that their one percent growth is equivalent to our 10 percent growth. If we do not maintain considerable economic growth, the gap will continue to widen, not only between us and developed Western countries, but also between us and our neighbors.

Zhang Xinsheng said: The talks by Comrade Deng Xiaoping given during his inspection of southern China are great encouragement. In the first five months of this year, Suzhou's economic growth was high. If we sustain this trend, we will also be able to establish a timetable for catching up with Asia's "four little dragons," just as Guangdong has done.

In order to accelerate development, we must emancipate our minds. Zhang Haiguo, vice mayor of Haikou, believes that we will be unable to deepen and achieve a breakthrough in reform and opening up or accelerate economic development if we fail to emancipate our minds on a broad scale. He said: When Hainan was designated a province, some economists estimated that it needed development funds to the tune of 200 billion yuan. With current annual revenues of one billion yuan, it would take Hainan 200 years to accumulate the estimated development fund, provided not even a penny of the revenue was spent on feeding the people. What should we do? The solution is to actively attract capital funding from outside the island and, in particular, to boldly use foreign capital. From 1988 to 1991, after Hainan became a province, its total investment in fixed assets was 13 billion yuan, one-third of which was foreign capital. Investment in 1988-1991 was greater than total investment in fixed assets of state-owned enterprises in the preceding 35 years, 1952-1987, which amounted to 11.2 billion yuan.

Zhang Haiguo said: It is regrettable that we squandered a good opportunity because of disputes over the development of Yangpu. The central authorities approved the use of foreign capital to develop Yangpu at the beginning of this year. This news has been a great inspiration to the people on Hainan. Since the beginning of this year, Haikou has enjoyed an unprecedented good situation in terms of economic cooperation with others, including both Chinese and foreign partners. In the first four months of this year, the city approved 61 joint ventures, cooperative enterprises, and wholly foreign-owned enterprises, a 52.5 percent increase over the same period last

year. Their total registered capital amounted to \$53.721 million, up 198.3 percent from last year's corresponding period.

Emancipate the Mind and Develop a Socialist Market Economy

A planned economy is not equal to socialism, because capitalism also involves planning; a market economy is not equal to capitalism, because there are also market forces under socialism; and both planning and market forces are economic means. Many students have deep thoughts and feelings about these views.

Wang Manqiu, secretary of the Shijiazhuang Prefectural Party Committee, said: In the past, we dared not to talk justly and boldly about the development of the socialist market economy. Fortunately, this question has recently been thoroughly discussed by Comrade Deng Xiaoping and General Secretary Jiang Zemin. Take Shijiazhuang Prefecture for an example. Our industries are basically self-reliant in excavating raw materials and marketing products. Most of our agricultural and sideline products are sold in markets, with the exception of a small portion of grain purchased by the state. We now have 226 markets of varying sizes in which business transactions exceed 3 billion yuan. In addition, more than 800,000 peasants have entered the commodity circulation field. So, we believe that whoever is first to understand the need to develop the market will be the first to enjoy its benefits.

On the reasons for Suzhou's rapid development, Zhang Xinsheng pointed out: The basic reason is the efforts to develop a socialist commodity economy. At present, 95 percent of the city's economic operations are regulated by market forces; only a very small part of it is regulated by state planning.

Pan Xuerong, director of Guizhou provincial non-ferrous metal bureau, discussed the negative consequences of disrespect for market forces. He said: Last spring international prices for zinc rose from 1,000 to 1,300 yuan per tonne. At that time, zinc was overstocked in China, with more than 10,000 tonnes in Guizhou alone. However, under our current system, our enterprises are unable to respond quickly to changes in the international market. We lost that good opportunity.

Many students pointed out: In order to develop the commodity economy, we must have a unified, open market system. We should justly and boldly establish a new socialist market economy system, take advantage of the strong points of both the market economy and the planned economy, and enable the socialist economy to have greater vitality and vigor.

Alter Functions to Create a Good Environment for Deepening Reforms

In order to establish the new economic structure, corresponding changes must be made in government functions. Many students pointed out that the present economic operating mechanism and management methods

still fit the past formula of a highly concentrated product economy. In order to establish a new economic operating mechanism which combines planning and market forces, we must break the fetters of the old, rigid structure.

In analyzing the results of urban economic reform, some students pointed out: By focusing urban economic reform on improving large and medium-sized state-owned enterprises, we have grasped the crux of the problem. The approach is correct. Then, why have we not made big progress in this regard? The main reason is that we have not fully considered the arduousness and complexity of urban reform and the need for a systematic approach to work. It will be difficult to make a substantive breakthrough in reform if we fail to alter the economic operating mechanism, particularly, government functions.

Cao Xisen, mayor of Luzhou, said: For several years we have called for changing the operating mechanism of enterprises and for subjecting enterprises to market forces, but the results have not been very good. Why? A big part of the answer has to do with their external environment, particularly the failure to alter government functions. If the government exercises rigid and excessive control over enterprises, leaving very little decision-making power to the latter, how can enterprises be invigorated?

We regard the delegation of power as one of the successful experiences of rural reform. What about urban reform? Zang Xuezhong, vice mayor of Chifeng, cited the export trade power of enterprises as an example. He pointed out sharply: If the government does not delegate power to enterprises, they cannot be invigorated.

The following views are shared by Xiao Ruihua, deputy secretary of the Xining City Party Committee; and by Shen Deguan, party secretary of Institute No. 621 under the Ministry of Aeronautics and Astronautics Industry: In order to subject enterprises to market forces, government departments should first simplify administrative procedures, delegate powers to enterprises, and change their own functions. In particular, they should improve their services to enterprises, exercise effective control over major issues while allowing flexibility on minor ones, and create a good external environment for subjecting enterprises to market forces.

Journal on 'Profound Changes', 'Deng Whirlwind'
HK0907105392 Hong Kong ZHONGGUO TONGXUN
SHE in English 0949 GMT 9 Jul 92

[Text] Beijing, July 9 (CNS)—The 12th issue of "Fortnightly Chat" [BAN YUE TAN] to be published tomorrow has a long article titled "Record of the Process of China's Acceleration in Reform and Openness After Deng Xiaoping's Visit to South China", recording in detail the great and profound changes which have taken place in China after Deng's South China visit.

The article describes the five great achievements in China's acceleration of reform and openness in the past six months.

First, Deng Xiaoping's talks have created a second wave of reform with the whole Communist Party of China arriving at a new consensus on the acceleration of reform and openness centering around economic construction by bold experiment and development.

Second, the "Deng Whirlwind" has ushered in a new stage of all-round opening up and a second golden period of opening up to the outside world, with everywhere in China adjusting its economic development strategy under broader perspectives, after liberation from the encirclement of the queer debate on the "surname of socialism or capitalism".

Third, economic construction has firmly established its position as a central task, with all kinds of work including administration, legislation and the army working around this central task and going all out for reform and openness.

Fourth, Deng Xiaoping's talks have invigorated the field of science and technology in China. It is now aiming at economic construction as its main battle field. Many places in China have followed the example of Zhuhai in highly rewarding scientific and technological personnel.

Fifth, a new mechanism of economic operation has started its operation and is now moving at high speed, with South China going all out to catch up with the "Four Little Dragons" and the state-owned medium- and large-sized enterprises in North China bettering their operations.

The article says that after Deng Xiaoping's talks the Hang Seng Index kept on climbing in Hong Kong setting a new record with a rapid influx of foreign capital. The "Deng Whirlwind" created a new wave of Taiwan investment fever in the Mainland. A more attractive image of China's reform and openness has been created in Asia and in the whole world.

Achievements of Supervisory Organs Viewed

OW0607095992 Beijing XINHUA Domestic Service
in Chinese 1400 GMT 3 JUL 92

[By RENMIN RIBAO reporter Zhang Yan (1728 0917) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 3 Jul (XINHUA)—Since their reinstatement five years ago, supervisory organs in our country have fully exercised their functions according to the central tasks of the party, the government, and various departments, with the stress on clean and honest government. Thus they have made remarkable achievements in maintaining political stability, in serving economic development, and in promoting other work.

When interviewed today by reporters, Xu Qing, vice minister of supervision, reviewed the work of his ministry over the past five years.

—Punishing those who are corrupt, and investigating and handling violations of the law and of discipline. In the past five years, supervisory organs across the country have received 2.61 million letters, visits, and telephone calls from those wanting to make complaints or report cases; they accepted under their authority of administrative supervision 719,000 cases concerning violations of the law and of discipline. Of these cases, 195,000 have been placed on file for investigation and prosecution, of which 155,000 have been concluded. Disciplinary sanctions have been taken against 162,000 people, of whom 5,778 are cadres at or above the county or department level. In addition, 13,599 people have been referred to judicial organs for prosecution. These supervisory organs have recovered 1.6 billion yuan in economic losses. A considerable proportion of the cases investigated and handled are serious ones, including cases involving 12 provincial or ministerial-level leading cadres—such as the bribery case involving former Vice Ministers of Railways Luo Yunguang and Zhang Xintai; the case of accepting bribes by former Vice Chairman Tuohudi Shabier of the Xinjiang Uygur Autonomous Regional Government; serious cases of power abuse for personal gain by former Hainan Governor Liang Xiang and former Minister of Communication Qian Yongchang; and the case of bureaucratism and dereliction of duty by Shanxi's former Vice Governor Li Zhenhua.

—Strengthening the supervision of law enforcement; ensuring the thorough implementation of government decrees; and promoting the smooth development of economic construction, reform, and opening up. More than 1.7 million cases involving contracts with foreigners have been screened, and \$16 million are involved in these cases. Placed on file for investigation have been 523 cases of corruption, bribery, dereliction of duty, and other violations of the law and discipline. Through such screening, large amounts in economic losses have been recovered by the state. Over the past few years, supervisory organs have done a lot of supervisory and inspection work in carrying out measures for economic improvement and rectification; in strengthening agricultural construction; in effectively running large and medium-sized state-owned enterprises; in changing government functions; in tackling the problems of wanton collection of fees, indiscriminate fining, and arbitrary apportioning of expenses; and in managing means of agricultural production and the use of various special agricultural funds.

—Conscientiously rectifying unhealthy tendencies in various departments and trades in order to promote the building of a clean and honest government. Unhealthy tendencies in various departments and trades have been checked to some extent, and problems about which the masses strongly complained

have eased up somewhat. Large numbers of cadres, workers, and staff members have enhanced their consciousness in rectifying and resisting unhealthy tendencies in various departments and trades. The phenomena of "eating and taking things for free, and of inconveniencing or imposing demands on others" has decreased. Many departments and trades have examined and rectified themselves. As a result, a number of unhealthy tendencies have been made known to the people and have been corrected. Some people have paid for the economic losses they caused. This has initially solved some problems closely related to their relations with the masses, about which the masses strongly complained. Supervisory organs have investigated and handled a number of violations of the law and discipline with trade characteristics as well as a small number of cases of abusing one's power for personal gain; cadres, workers, and staff members who have had a bad influence have been punished.

—Formulating a number of rules and regulations and conducting propaganda and education on building an honest government. Entrusted by the State Council, the Ministry of Supervision drafted the "Provisional Regulations Governing Administrative Punishment for Functionaries of State Administrative Organs Who Are Involved in Cases of Embezzlement or Bribery," the "Regulations on Forbidding State Administrative Organs and Their Functionaries to Accept or Present Gifts in Performing Official Business," the "Circular on Handling Cases of Building Private Houses by Functionaries of State Administrative Organs in Violation of Law and Discipline," the "Circular on Administrative Punishment for Provincial and Ministerial Level Cadres Who Use Public Funds or Materials To Improve Their Houses in Excess of the Established Standard," the "Regulations Governing Administrative Supervision of the People's Republic of China," and other rules and regulations. As a result, administrative supervision has become gradually legalized and institutionalized.

Concerning ideas for supervision work in the future, Xu Qing said: Supervision organizations should seriously implement the guidelines of Comrade Xiaoping's important talks and the meeting of the Political Bureau of the CPC Central Committee. Centering on the work of economic construction, reform, and opening up, supervision organizations should strengthen supervision and inspection to insure the implementation of various policy decisions and measures of the party Central Committee and the State Council for promoting reform, opening up, and economic construction. It is essential to launch struggles against corruption in a penetrating manner; strictly investigate and handle cases of violations of the laws and discipline; energetically correct unhealthy practices of various departments and trades; promote the building of an honest government; and make new contributions to protecting political stability and economic development.

He said: Regarding new situations and new problems which emerged under the new situation, various supervision organizations should undertake more investigations and studies; should enthusiastically support, protect, and promote all measures and activities for reform and opening up which "will help develop the productive forces of our socialist society, increase our country's overall strength, and raise the living standard of the people;" and should eliminate all obstacles and interferences which will obstruct and adversely influence reform, opening up, and economic construction. They should resolutely investigate and handle cases of seeking private interests in violation of the laws and discipline in the name of reform and opening up. The supervision organizations should protect those who make mistakes while earnestly promoting reform work, should educate and help them sum up experiences and draw lessons from their mistakes, and should promptly commend those who persist in reform and opening up and have made outstanding achievements.

Newspaper Launches New Monthly Magazine

OW1007031492 Beijing XINHUA Domestic Service in Chinese 0800 GMT 9 Jul 92

[Text] Beijing, 9 Jul (XINHUA)—With the approval of the State Press and Publications Administration, the Ministry of Personnel, and other departments, SHIDAI CHAO [2514 0108 3390 THE TIDE OF THE TIMES], a comprehensive monthly magazine, started publication in Beijing today.

The purposes of SHIDAI CHAO, published by the RENMIN RIBAO Domestic Political Department, are to implement the party's basic line, promote reform and the open policy, publicize the development of socialist democracy and the legal system, encourage the building of material and spiritual civilization, and propagate socialist ethics. The magazine will prominently feature the characteristics of the times and accurately and truthfully reflect realities; it will reflect real life and try to be close to its readers; and it will try to enable its readers to acquire some knowledge from it, to be enlightened by it, and to have a feeling of esthetic appreciation. According to a briefing given by Wu Hao [0702 8504], editor in chief of SHIDAI CHAO, the monthly will mainly carry news stories, reportage, interviews, essays, and commentaries to comprehensively report on current events, politics, the great tide of reform, social phenomena, human emotions, and outstanding personages. The magazine will publish both quality pictures and articles, with a vivid layout.

It has been learned that starting from scratch, the monthly which is run independently will be responsible for its own profits or losses. It did not ask for any money from the state. The magazine is managed as an enterprise.

Radio Beijing Begins Publishing New Weekly

OW0907151792 Beijing XINHUA in English 1444 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—A new newspaper, "WORLD INFORMATION", started publication here today.

The newspaper, a weekly publication sponsored by China Radio International (Radio Beijing), will provide information about worldwide financial markets, industrial and commercial enterprises, foreign trade, science and technology, cultural and educational events and sports for Chinese readers.

It will also introduce China's industrial and commercial enterprises, investment environment, economic special zones, joint ventures and new products to overseas readers.

Each copy of "WORLD INFORMATION" has eight pages and will be put on sale within and outside the country.

Science & Technology

Indigenous Nuclear Power Plant Fully Operates

HK1007043292 Hong Kong AFP in English 0357 GMT 10 Jul 92

[By Philippe Massonnet]

[Text] Qinshan, China, July 10 (AFP)—China's first indigenous nuclear power plant, capable of generating 300 megawatts of electricity, will be running at 100 percent capacity in the coming days, marking the start of a new energy policy.

The slogan "safety first" is omnipresent at the plant on Hangzhou Bay, 90 kilometers (60 miles) from Shanghai. It can be seen in giant red letters on the walls, and heard from the lips of management.

"All inspections have concluded that our plant is perfectly safe," said vice director Zhang Huailin in a calm but firm voice.

The International Atomic Energy Agency sent two inspection missions to Qinshan, in 1989 and 1991. "Their final report indicated that the plant is of high quality," Zhang said.

"One has to admit that the Chinese were constantly preoccupied with safety during the construction of Qinshan," a Western nuclear power expert said.

Plant managers explain that the concrete wall surrounding the reactor is much thicker than called for under international norms.

After 11 years of studies and site preparation, Qinshan's construction got underway in 1985. Work should have been completed four years later.

"Some equipment deliveries were delayed and part of the design reviewed," Zhang said.

Preventative safety measures include regular tests on both the surrounding environment and on the workers, whose homes are 11 kilometers (seven miles) away, said chief engineer Sun Guangdi.

Toxic waste is to be stored inside the plant for at least 15 years.

In case of radioactive leakage, the Qinshan authorities say all measures are in place: an emergency plan directed by the governor of Zhejiang province and commander of the military region, a safety department on duty around the clock, hospitals equipped to receive radiation victims.

A foreign engineer who has seen Qinshan notes, however, that most visitors have no access to radiation gauging and safety measures.

"With Qinshan, China wants to prove that it has mastered the nuclear industry and is carrying out a genuine program," a Western diplomat in Beijing said.

Though some of the equipment has come from Japan, France or Germany, the design of the plant is entirely Chinese.

"In terms of production, Qinshan represents almost nothing (1.7 billion kilowatt hours a year), but from a technological point of view, it is an immense step forward," Sun said.

This is why two more 600 megawatt reactors are to be set up in Qinshan by 2000.

"Work on the second phase of Qinshan could begin in 1994," Zhejiang provincial governor Ge Husheng said recently.

In 1990 China produced 138,000 megawatts of electricity, 73 percent of it thermal and 27 percent hydro. By 2000, the government has set a target of 182,000 megawatts, three percent of which would be nuclear.

While hydroelectricity, led by the giant Three Gorges project on the Chang Jiang, will continue to play a major role, the use of coal is to be scaled down in favor of nuclear, despite its low cost.

"If it wants to meet its economic growth targets, China has no other choice than to develop nuclear energy," an expert said.

But this will have to be done cheaper than Qinshan which has cost 670 million dollars. Too much for a 300 megawatt unit, said a diplomat.

But Zhang predicted that the next two reactors will use fewer foreign parts.

China also has to learn how to design bigger plants, experts said. From this point of view, Chinese engineers

have no doubt learned much at Daya Bay, another nuclear plant under construction near Hong Kong with French and British technology.

Zou Jiahua Speaks to Scientists, Technicians

OW0807115192 Beijing XINHUA Domestic Service
in Chinese 1136 GMT 7 Jul 92

[By reporter Tang Hong (0781 5725)]

[Text] Beijing, 7 July (XINHUA)—Addressing a meeting held today for scientists and technicians who work at the nation's industrial and mining enterprises to "talk about ideals and compare contributions," Vice Premier Zou Jiahua pointed out that, in order to bring about a high speed economic development with high returns, industrial enterprises must give full scope to the initiative and innovative spirit of their scientists and technicians.

Zou Jiahua pointed out: Comrade Xiaoping has put forward a series of strategically significant principles for building a socialist society with distinctive Chinese characteristics, and "science and technology are the primary productive forces" is one of the important concepts in those principles. In the talks he made during his southern China tour, he also stressed the importance of science and technology. Turning scientific and technological achievements into productive forces is specifically one of the important things we must do and one key issue to deal with in order to realize Comrade Xiaoping's concept. To realize this concept, all enterprises must mobilize the masses even more extensively to turn scientific and technological achievements into actual productive forces, and make this endeavor an important part of the drive to "talk about ideals and compare contributions" and to improve enterprises' economic returns.

He said: Being determined to revitalize our large and medium-sized state enterprises is an important thing to do to make sure that our national economy can reach a higher level. Ample facts have proven that, to revitalize our enterprises, they must persist in carrying out reform and replace their operating mechanisms so that they can become operators with genuine autonomy and be able to compete on the market. On the other hand, enterprises must increase the speed of upgrading their technology, make constant efforts to develop new products that the consuming market needs, adopt and develop new technology, improve product quality, cut consumption of resources, cut cost, and achieve higher returns so that they can compete successfully in the unpredictable market. To do this, our enterprises must give full scope to the enthusiasm, initiative, and innovative spirit of their scientists and technicians. This is the key issue.

Zou Jiahua said: The drive launched by the China Science and Technology Association, the State Planning Commission, and the Economic and Trade Office under the State Council for members of the Association of Science and Technology and engineers of the nation's industrial and mining enterprises to "talk about ideals and compare contributions" is for educating them so

that they will care about their ideals while pursuing scientific and technological endeavors; and so that, while adhering to the party's basic line of "one center and two basic points" and engaging in material and spiritual construction, they will give full scope to their enthusiasm, initiative and creativeness in upgrading enterprises' technology and achieving higher economic returns. Enterprises should encourage scientists and technicians to come forward with reform proposals and tackle technological issues by permitting them to choose their research projects, form groups for maximum effectiveness, contract technological projects to accomplish, and promote cooperation between enterprises and the science and technology association. We believe that, when we have provided our young scientists and technicians a stage on which they can demonstrate their capabilities, they will contribute to their enterprises' technological upgrading.

Wen Jiabao, director of the General Office of the CPC Central Committee, attended today's meeting. Zhu Guangya, president of the China Association of Science and Technology, chaired and addressed the meeting.

Scientist-Enterprise Cooperation Encouraged

OW0907092792 Beijing XINHUA Domestic Service
in Chinese 0907 GMT 8 Jul 92

[By reporters Shi Baohua (2457 1405 5478) and Yang Zaobo (2799 0340 3134)]

[Text] Beijing, 8 July (XINHUA)—In order to truly promote scientific and technological progress in enterprises, the State Science and Technology Commission has formulated an outline concerning the organization of scientific and technological circles to promote scientific and technological progress in enterprises. Copies of the work outline were printed and distributed around the country.

The work outline said: The State Science and Technology Commission has decided to make the mobilization and organization of scientific and technological circles to promote scientific and technological progress in enterprises an important task for further reforming the management of science and technology and expediting the integration of science and technology with the economy during the Eighth Five-Year Plan period. It has been learned that furthering reform will be the driving force behind the organization of scientific and technological circles to promote scientific and technological progress in enterprises in order to vigorously create a favorable environment to this end, to step up enterprises' pace of changing operational mechanisms, and gradually set up an enterprise scientific and technological service system that is suitable for developing the commodity economy in China. The work will also organize the participation of the scientific and technological factors in various enterprise activities in this field; encourage scientific research institutions, colleges, and

universities to set up close and stable links with enterprises through various means and thus set up reliable technical backups; step up the transfer of scientific and technological achievements into practical productive forces; improve the overall enterprise quality; and make enterprises more competitive. Meanwhile, the close coordination of scientific and technological progress in enterprises and tasks, such as tackling key problems in science and technology, the carrying out of high-technology research and development, the Sparkle Program and the Torch Plan, the popularizing of scientific and technological achievements, and the "advancing provinces and cities through the application of science and technology," is encouraged.

The tasks and objectives set in the outline for organizing scientific and technological circles to promote enterprise scientific and technological progress during the Eighth Five-Year Plan period are: Guide and encourage enterprises and conglomerates to improve the indicator system for scientific and technological progress; to establish information, decisionmaking, planning, quality, and personnel systems; and to set up technological development organizations or backups to gradually form an operational mechanism that is conducive to scientific and technological progress. Establish a number of fore-running scientific and technological enterprises and conglomerates; promote the development of new and high technology development zones and belts and set up some high-technology conglomerates to bring the scientific and technological forerunners into play in acting as examples and in guiding and promoting economic development; and promote the development of small and medium-sized enterprises and improve their management and technical levels. Village and town enterprises are the main body of small and medium-sized enterprises, as well as an important part of China's economic development. We should give greater scientific and technological support to village and town enterprises; improve their quality, so that their product quality and output value will grow significantly; make scientific and technological progress a more important factor for the development of village and town enterprises; and set up and improve various scientific and technological service systems to facilitate scientific and technological advancements in enterprises. We should make full use of the existing scientific and technological information, technical markets, and patent systems to establish and improve various information, consultative, and diagnostic organizations; beef up the forces of capable personnel; and develop the service systems of information, consultation, and diagnosis into networks, and gradually into industries, to serve enterprises for scientific and technological progress. We should train a group of people to specialize in information, consultation, and diagnosis to help enterprises achieve scientific and technological progress. We should bring up a group of business personnel who know modern enterprise management and are familiar with practical production technology.

In the meantime, the "Work Outline" also formulates some relevant policies and measures: Use scientific and technological loans to support key enterprises in developing new and high-technology products, developing and applying new and high technology, promoting the readjustment of the industrial structure, and upgrading the overall technical level; promote the assignments of capable personnel and mobilize and organize the large number of scientists and technicians from scientific research institutions, colleges and universities to participate in various scientific and technological activities of enterprises—such as the development of new products and new technologies, the import of technologies, technical transformation, personnel training, and scientific management—through deepening the reform in scientific and technological management; set up various forms of service systems for scientific and technological progress, such as the productive forces of promotion centers, the scientific and technological information service system, technical diagnostic and consultative companies, and others; and guide and help enterprises increase their capabilities to develop high technology. The outline also encourages large and medium-sized enterprises and conglomerates to establish and improve technical development organizations; encourages scientific research institutions to make readjustments and reorganize themselves into groups of technical development organizations or stable technical backups to village and town enterprises and other small and medium-sized enterprises; and encourages enterprises, scientific research institutions, colleges and universities to set up scientific research-production joint bodies through various forms. The outline also asks for stressing the chief engineers' role in organizing and promoting scientific and technological progress in enterprises, for guiding and promoting the work of associations for chief engineers in various localities, and striving to open more investment channels to largely increase investments in science and technology. Governments at all levels should increase the three kinds of funds for scientific and technological projects, continue to increase loans for scientific and technological development, and earmark more funds for enterprise scientific and technological progress. Enterprises should also constantly increase their investments in science and technology, collect one percent or more of their sales for scientific and technological development funds, and vigorously open up channels for international cooperation to push themselves to international markets for competition.

Aeronautical Institute To Start Foreign Business

OW0907081292 Beijing XINHUA in English
0802 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—The China Aeronautical Project and Design Institute (CAPDI), China's major planning, design and research department for the aviation industry, was authorized to start its foreign business, Nie Yuhua, president of the institute, announced today.

Addressing a special press conference, Nie told the Chinese and foreign guests that the institute can now undertake surveys, consultancy and supervision of overseas projects and domestic projects with foreign investment and manage the establishment of various enterprises abroad free of middlemen.

The institute, staffed by 1,200 engineers, has undertaken designs for nearly 200 aeronautical factories, and a great number of aeronautical research centers, test bases and maintenance bases for the Chinese Air Force, the Chinese Marines and the Civil Aviation Administration of China, according to the president.

Over the last few years, the institute has designed 300 large and medium-sized industrial projects in 13 fields such as the pharmaceutical industry, mechanical industry, light industry and textiles, automobile and foodstuff processing, covering 11 countries and regions, the president said.

According to sources, China has several thousand design institutes specialized in various fields with a total staff of 600,000 to 700,000.

Economic & Agricultural

Flood Death Toll Reaches 500; Hundreds Missing

HK1007100992 Hong Kong AFP in English
0951 GMT 10 July 92

[Text] Beijing, July 10 (AFP)—The death toll from raging floods in China has soared to nearly 500 as areas along the Yangtze River mobilized millions of people to combat rising waters, officials said Friday [10 July]. The carnage is probably much higher with hundreds of people still reported missing, a civil affairs ministry spokesman said.

In the six worst-hit provinces, floods have killed at least 467 people and left more than 5,000 injured, the spokesman said. With the collapse of 250,000 houses, China is also facing huge numbers of homeless.

Hundreds of thousands of people have been relocated because of the flooding, the worst in 50 years in some areas. Initial estimates of damage were put at more than 6.9 billion yuan (1.25 billion dollars).

Authorities along the Yangtze, the world's third longest river, have mobilized millions of people to prevent its swollen waters from inundating more land, press reports said Friday.

More than two million hectares (4.5 million acres) of crops have been affected by the torrential rains and flooding in the six provinces alone, the reports said. Many houses and some factories, enterprises and warehouses have also been flooded, the reports said.

Rains in the Yangtze river delta were forecast to continue.

The ministry figures were based on information received from the end of May until Wednesday, the spokesman said.

More than 2,200 people died last year in annual summer flooding with losses of 15 billion dollars. The floods were some of the worst this century and China appealed for international aid for only the second time.

Separately, drought continued in some coastal provinces including Jiangsu, which was one of the worst affected by floods last year, the reports said.

XINHUA on Three Gorges Preparations

*OW0807095392 Beijing XINHUA in English
0933 GMT 8 Jul 92*

[Text] Beijing, July 8 (XINHUA)—China has established a preparatory group headed by Premier Li Peng to arrange the details for the massive Three Gorges hydroelectric project endorsed by the National People's Congress in April.

Li Boning, head of the Three Gorges Economic Development Office under the State Council, told a news conference held here by the Yichang city government that Vice Premiers Tian Jiyun and Zou Jiahua and State Councillors Chen Junsheng and Li Guixian are members of the preparatory group.

This group has just concluded a briefing with local and central government officials on the project including discussions on finance and re-settlement.

Preparations are also under way in Yichang where the dam is located, according to Liu Keyi, deputy mayor of the city. He said the city has been busy adjusting its industrial structure to serve the project.

Meanwhile the production of farm and other foodstuffs is being increased and markets being expanded to service the construction worker force.

It will be necessary to re-settle about 150,000 people as work on the project proceeds and a special committee has been set up by the city to manage the shift.

To better inform both Chinese and foreigners about the Three Gorges project, the city is to hold an arts festival and a dragon boat racing in late October this year.

Restructuring Official Holds News Conference

Cites Deng on Reform, Market Economy

*OW1007131792 Beijing XINHUA in English
1252 GMT 10 Jul 92*

[Text] Beijing, July 10 (XINHUA)—A senior Chinese Government official said here today that China will develop a socialist market economy.

Wang Shiyuan, secretary-general of the State Commission for Restructuring the Economy, said at a press

conference that in the wake of Deng Xiaoping's remarks early this year during his southern tour, China's reform and opening to the outside world has embarked onto a new stage.

The pace of China's reform has been quickening since then, and the scale of China's opening to the outside world has widened, Wang said.

He added that since early this year, great changes and emancipation have taken place in Chinese people's minds.

He said that Deng in his speech cleared the long-time confusion on differentiating market economy with planned economy, which are no longer regarded as symbols to divide capitalism and socialism.

The secretary-general said that central planning and market forces are both economic means and Deng's remarks have great significance in further pointing out the target of China's reform of its economic structure.

Wang noted, "From the mentioning of planned commodity economy to developing socialist market economy, China experienced an important period of history, the 13 years of reform and opening."

Wang expressed his conviction that the market mechanism will play an increasingly important role in China's national economy. However, he added, it needs time to go from a planned economy to a market economy.

Sources said that now China's industrial products made according to state plan have been reduced from 120 kinds a decade ago to the present 50 kinds, the number of commodities under state control has gone down from 188 to 10 today, and the proportion of materials distributed according to state plan now stands at 20 percent, as compared with 80 percent.

He said that in the process of reform, the changing of government functions has become an urgent task, and government officials need to change their ideology and working style.

Notes More Enterprises Bankrupt

*OW1007132792 Beijing XINHUA in English
1256 GMT 10 Jul 92*

[Text] Beijing, July 10 (XINHUA)—Two state-owned enterprises and more than 100 collective firms have gone bankrupt in China in the past decade as the Chinese government pushed forward the industrial reform, a government official said here today.

In addition, Wang Shiyuan, spokesman for the State Commission for Restructuring the Economy, told a press conference that more than 40 enterprises are in receivership at present.

China enacted its Enterprise Bankrupt Law in 1988.

Wang added that he had heard no reports of any labor unrest as a result of any firm going bankrupt.

As an important part of the industrial reform, he said, China has adopted the rule that efficient firms survive and the others should die out.

He said that measures include merging, contracted responsibility system between enterprises, development of industrial groups, stopping production, and shifting to other production as well as bankruptcy.

The spokesman said that the Chinese Government will further reform the insurance and housing systems with the stress upon reform of the unemployment insurance system in the latter half of this year.

Price Reform To Be Given Impetus

OW1007140792 Beijing XINHUA in English
1353 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—The Chinese Government will press forward with price reform, especially as regards the prices of energy and raw materials, in the latter half of this year, a government official disclosed here today.

Wang Shiyuan, spokesman for the State Commission for Restructuring the Economy, told a press conference that China will also foster and develop wholesale markets for farm produce, markets for the means of production, and monetary and capital markets.

"This is one of reform priorities in the latter half of this year," he said. But he did not say what kind of product prices will be raised or readjusted.

Major steps were taken in price reform and market development in the first half of this year, he said. What was the most important was to free grain prices.

The spokesman said that grain prices, which had been under state control for four decades, have been totally freed in 228 counties in 13 provinces.

Market forces have played a larger role since the government reformed the price system, he noted. The proportion of market regulation in the economy accounts for two-thirds in many provinces.

Moreover, foreign investment has now entered the retail sector, with the launching of China's first share-holding joint venture in Shanghai.

In the latter half of this year, he said, the Chinese Government will also enforce a regulation on mechanism transformation in the state-owned enterprises in order to get them to enter the market and raise their efficiency.

The spokesman said that the regulation, which will affect more than 40,000 enterprises, will soon be made public.

As another important measure in the price reform move, he said, China will also promote the share-holding system, which is in the process of experimentation in more than 3,000 enterprises.

Says Fast Growth Can Be Sustained

HK1007121892 Hong Kong AFP in English 1037 GMT
10 July 92

[By Bruce Shu]

[Text] Beijing, July 10 (AFP)—China can sustain double-digit economic growth even though faster reform is bound to bring some chaos, a senior economic official said Friday [10 July]. Economic growth of about 10 percent in the first half of the year was "fast but within a normal range," said Wang Shiyuan, secretary general of the State Commission for Restructuring the Economy.

The rate outpaced the official target of six percent announced in April. "As long as we maintain the basic balance between demand and supply, the faster the growth rate the better, and there will be no danger," Wang told a news conference.

The official said it was inevitable that accelerated reform would bring some "chaos."

"In the process of moving from one system to another, we will break some things down and build things up," he said. "We cannot avoid paying the price of some chaos."

"The responsibility of a government leading reform is to see to it that reforms develop soundly and to keep chaos at a minimum," he said. China's economic planners have debated the ideal rate for the economy's expansion since Premier Li Peng set the conservative six percent target in his annual work report to parliament.

Conservative officials like Li argue for a slower rate, fearing that economic overheating could lead to high inflation and antigovernment sentiments such as occurred in the late 1980s. But reformists say that China should risk fast development, especially after senior leader Deng Xiaoping's trip to southern China early this year during which he called for accelerated reforms.

Wang said that in announcing the six percent figure the government had "left some room for maneuvering," but he declined to say what rate the government would consider the "alarm point" at which it would take measures to cool growth. Wang conceded that the authorities were having difficulty pushing reform forward and especially in getting officials to give up central planning powers to allow state firms more autonomy.

"In the past we practised central planning economics and the government took all responsibilities," he said, repeating Deng's call to "liberate minds."

"Those people who are more familiar with the past ways of doing things will need to work harder and go through a longer process to transform from their old ways," he said.

The official said China would continue experiments in issuing enterprise shares through the rest of this year, but would not set up new stock markets after the existing two in Shanghai and in the Shenzhen Special Economic Zone bordering Hong Kong.

Under a policy of "survival of the fittest," he said, inefficient factories would be merged or allowed to stop production and file for bankruptcy. He denied reports that China had stopped an already slow program of shutting down money-losing firms because of protests from laid-off workers. While declining to elaborate on opposition to labor reform, Wang said that more than 40 corporate bankruptcy cases were in the courts now. Two state-owned enterprises and more than 100 collective firms have shut down under a bankruptcy law promulgated in 1988, he added.

Daily on Reform Liberating Productive Forces

HK0907142392 Beijing RENMIN RIBAO in Chinese
6 Jul 92 p 5

[Article in the column "Seizing Opportunity To Develop Ourselves" by Zhai Taifeng (5049 3141 0023): "On Theory That Reform Also Means Liberating Productive Forces"]

[Text] The important theoretical viewpoint raised by Comrade Deng Xiaoping about reform liberating productive forces involves not only the theoretical connotation of the fundamental contradictions in society after the establishment of the socialist system and the nature and attribute of these contradictions—it also involves the application of basic principles like Marxist philosophy, political economics, and scientific socialism to explain several important issues related to the theories and principles on scientific socialism as well as involving the major social endeavor of seizing the opportunity to develop oneself, promoting and perfecting the socialist system relentlessly, and reforming and perfecting the relations of production and superstructure under socialism given the complicated international and domestic situations at present. Hence, we should integrate our experience in the economic structural reform in China, earnestly study the important talks by Comrade Deng Xiaoping, emancipate the mind, sum up experiences, and further develop and perfect the theories on socialism with Chinese characteristics.

I.

Marxists go through a very long process of exploring and understanding historical practices before arriving at an understanding of the basic contradictions in a socialist society. Engels pointed out: "The final causes of all social changes and political revolutions are to be sought, not in men's brains, not in man's better insight into eternal

truth and justice, but in changes in the modes of production and exchange." (*Selected Works of Marx and Engels*, Vol 3, p 425) It is in line with this kind of understanding that Marx and Engels critically absorbed all the valuable doctrines on the ideological and cultural development of mankind, studied and exposed the fundamental contradictions of the capitalist system, and established the materialist conception of history as well as the theory of surplus value. The materialist conception of history tells people that material production is the material foundation for the survival and development of human society. The history of human society develops as a result of the contradiction and interaction between productive forces and relations of production as well as between economic base and superstructure. Meanwhile, the theory of surplus value thoroughly reveals that the nature and distinctive feature of capitalist production lie in the exploitation of labor by capital, and it also further exposes that under the social condition marked by socialized production, the nature of the contradictions in a capitalist system where a handful of people own the means of production is the contradiction between the proletariat and the bourgeoisie. The solution to this contradiction is in the following: "The proletariat seizes the public power, and by means of this transforms the socialized means of production, slipping from the hands of the bourgeoisie into public property. By this act, the proletariat frees the means of production from the character of capital they have thus far borne." With this, Marx and Engels theoretically completed the evolution of utopian socialism to scientific socialism. What we should seriously study today is: After freeing the means of production from the character of capital, Marx and Engels maintained that "the socialized character should be given the complete freedom to work itself out. Socialized character upon a predetermined plan becomes henceforth possible." (*Ibid*, p 443) At the same time, Marx also envisaged: "Within the cooperative society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labor employed on the products appear here as the value of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labor no longer exists in an indirect fashion but directly as a component part of the total labor." (*Ibid*, p 10) Under such a social condition, how should "total labor" which belongs to the entire society be distributed? Marx envisioned: "The individual labor time of the individual producer is the part of the social working day contributed by him, his share in it. He receives a certificate from society that he has furnished such and such an amount of labor (after deducting his labor from the common funds), and with this certificate, he draws from the social stock of means of consumption as much as costs the same amount of labor." (*Ibid*, p 11) Quite obviously, according to the modes of ownership, production, distribution, and consumption of means of production as conceived by Marx and Engels, there no longer exists commodity production, and as such, no need to carry out exchange of commodities. Naturally, there also exists no commodity market. Under such a

social condition, it would appear that the fundamental social contradictions between productive forces and relations of production and between economic base and superstructure also do not exist anymore.

In the early part of the 20th century, the Russian socialist revolution led by Lenin triumphed and the world's first worker-peasant soviet state where political power was held by the working class was established. Henceforth, the Marxist theory on scientific socialism went from a phase of theoretical exploration to a new phase of practice integrated with theory. In the brief period of six years, from the success of the revolution on 25 October 1917 to the death of Lenin on 21 January 1924, the Russian working class headed by Lenin triumphed over armed intervention by imperialism and the joint resistance of counterrevolutionary forces including the domestic bourgeoisie, landlords and white bandits in order to consolidate the worker-peasant soviet regime. Under extremely difficult conditions, Lenin proposed the introduction of a wartime communist policy which did not recognize the relations between commodity and currency. However, by 1921, Lenin promptly pointed out that the implementation of wartime communism which eliminated the relations between commodity and currency was a "unique form forced upon us by abject poverty, economic destruction and war," adding that "it is not and cannot be a policy suitable to the economic task of the proletariat." (*Collected Works of Lenin*, Second Edition, Vol 41, pp 208-209) On 8 March 1921, speaking at the 10th Congress of the Russian Communist Party (Bolshevik), Lenin proposed a policy of transition from collection of surplus grain to imposition of grain tax—that is, a transition from the wartime communist policy to the introduction of the New Economic Policy (NEP). Lenin suggested that in implementing the NEP, "free trade and capitalism as regulated by the state should be tolerated as well as developed, and on the other hand, state-run enterprises should reform economic auditing, which in effect means the implementation of the principle of commerce and capitalism to a certain degree." (*Collected Works of Lenin*, Second Edition, Vol 42, p 366) In carrying out the NEP, Lenin made drastic modification on the relations of production and superstructure under wartime communism. The war-ravaged economy was swiftly rebuilt, while commodity production and exchange in urban and rural areas quickly became very lively. Unfortunately, Lenin died not long after establishing these economic theories and policies.

From the late 1920's to the early 1930's, Stalin brought the NEP to an end and began to establish an economy with a singular socialist public ownership system where a highly centralized planned economy and product-oriented economic system were instituted. Naturally, a comprehensive historical materialist analysis should be made on this point. Given the historical conditions at that time, concentrating the principal energies in the development of heavy industry and national defense industry on a priority basis played a very important

historical role in breaking the encirclement of the Soviet Union by dozens of imperialist countries, as well as in securing victory during World War II. This was an illustration of the superiority of socialism in rallying all resources to speed up development. However, over a long period of years, Stalin gradually negated the cooperative economic form of small production and introduced into peasant farms the economic management method used in the running of state-owned farms. In his report to the 15th Congress of the Russian Communist Party (Bolshevik), Stalin stressed: "Unite the small and dwarf peasant farms into large farms" in order to weaken commodity production and commodity exchange, insist on a highly centralized and integrated system of planned economy, and negate the regulatory effect of the law of values. This type of economic system and policy increasingly hampered the development of productive forces. It was later in his old age that Stalin, in his book *Economic Problems of Socialism in the USSR*, published in May 1952, summed up the practical experiences of the Soviet Union's socialist construction and acknowledged that commodity production continued to exist under socialist conditions. This has to be recognized as a tremendous progress. He pointed out correctly: "Commodity production must not be identified with capitalist production." (*Selected Works of Stalin*, Vol 2, p 548) He asserted: "Commodity production is older than capitalist production. It existed in slave-owning society, and served it, but did not lead to capitalism. It existed in feudal society and served it, yet although it prepared some of the conditions for capitalist production, it did not lead to capitalism." (*Ibid*, p 549) Hence, he asked: "Why then, one asks, cannot commodity production similarly serve our socialist society for a certain period without leading to capitalism?" (*Ibid*, p 549) It appeared that while Stalin thought of developing a socialist commodity economy, he in effect did not accept the means of production circulating within the system of ownership by the whole people to be commodities. He only admitted: 1) "The collective farms are unwilling to alienate their products except in the form of commodities, in exchange for which they desire to receive the commodities they need." "At present the collective farms will not recognize any other economic relations with the town except the commodity relation—exchange through purchase and sale." 2) He maintained that in commodity exchange, "the sphere of action is confined to items of personal consumption." (*Ibid*, p 551) Consequently, even though he admitted that commodity production still existed under socialist historical conditions, he also believed that commodity production under socialism "is a special kind of commodity production." (*Ibid*, p 551) Therefore, in this article, he went on at great length to underscore the need to restrict commodity production as well as the effect of the law of values, and demanded a rapid transition to a product economy. It was for this reason that the highly centralized, singular form of planned economic system as well as the operational mechanism which relied solely on administrative means to manage the economy, both of which began to take shape in the Soviet Union in the late 1920s, were never broken up. This type of highly

centralized, singular form of planned system gradually lost its vitality and the relations of production seriously hampered the growth of productive forces. And as is true in history, it raised the theoretical question related to the basic contradictions in a socialist society as well as the task of reforming the socialist relations of production and superstructure.

II.

The history of the establishment and development of socialist society shows that as the socialist society goes through the process of self-development and self-perfection, the historical need to reform the relations of production and superstructure in a socialist society will continue to exist because of the interaction of the basic contradictions of this society. In the history of the world's scientific socialist movement, Comrade Mao Zedong was the first to present theoretically the theses concerning the basic contradictions of socialist society. Back in 1956, Comrade Mao Zedong, in his article "On the 10 Major Relationships," already cited the Soviet Union as an example when he proposed to resolve the 10 problems related to the relationships between "heavy industry on the one hand and light industry and agriculture on the other," and between "the central and the local authorities." In 1957, he pointed out explicitly in his article "On the Correct Handling of Contradictions Among the People": "In socialist society, the basic contradictions are still those between the relations of production and the productive forces and between the superstructure and the economic base." At the same time, he indicated: "However, they are fundamentally different in character and have different features from the contradictions between the relations of production and the productive forces and between the superstructure and the economic base in the old societies." This viewpoint raised by Comrade Mao Zedong was based on the Marxist philosophical law of the unity of opposites. He pointed out: "The law of the unity of opposites is the fundamental law of the universe." Here he spoke on three levels of meaning: 1) "The opposite side of a contradiction is characterized by both unity and struggle which then spur on the motion and transformation of things." 2) "Contradictions exist universally, but their characters differ according to the different characters of things." 3) "For any concrete thing, the unity of opposites is conditional, temporary, transitory, relative. The struggle of opposites is absolute." (*Selected Readings of Mao Zedong Works*, Vol Two, pp 766-767) There is no doubt that these philosophical expositions of Comrade Mao Zedong are entirely correct. But when dealing with the realities related to the contradictions in our socialist society, he only admitted that the principal contradiction in the relations of production of our country at that time was found in the capitalists' demand for fixed interest payment, that the agricultural cooperatives and handicrafts cooperatives were still semi-socialist, and that a proper mode of the production and exchange in the economic department should be found. Regarding the superstructure, he only mentioned that bourgeois

ideas still existed, as did certain bureaucratism in state organs. Obviously, all these statements did not, in general, offer a correct analysis and understanding of the level of productive forces in China, nor did they deal with a series of questions on how to set up a form of ownership system, distribution, and consumption corresponding to the level of productive force in China, or on how to establish and perfect the corresponding systems and structures within the scope of the superstructure. These important theoretical and practical issues were gradually addressed in a series of theoretical expositions raised by Comrade Deng Xiaoping on the building of socialism with Chinese characteristics and presented since the Third Plenary Session of the 11th CPC Central Committee. Comrade Deng Xiaoping repeatedly cautioned us: "The most fundamental task in the socialist stage is the development of productive forces. The superiority of socialism is illustrated in its productive forces developing higher and faster than those of capitalism." Under the leadership of Comrade Deng Xiaoping, the Third Plenary Session of the 11th CPC Central Committee proposed "the realization of the four modernizations, demanded a drastic improvement of productive forces, and naturally also demanded changing in various ways the relations of production and superstructure which do not correspond to the development of the productive forces as well as changing all improper forms of management, motion, and ideology." In 1985, Comrade Deng Xiaoping proposed: "The economic system and the system of science and technology, reform in these two areas is designed to liberate productive forces." (*Since the 12th CPC National Congress*, Vol Two, pp 656-657) On the reform of the agricultural system, Comrade Xiaoping clearly noted: "Exactly what form of relations of production is the best? I am afraid we have to adopt this kind of approach: Whichever form in whichever place can restore and develop agricultural production more easily and faster—that is the form to be adopted." (*Selected Works of Deng Xiaoping (1938-65)*, p 305) He also pointed out that the rural reform is in effect a revolution whose goal is to liberate productive forces.

The historical development of scientific socialism fully demonstrated that after the proletariat had gained political power and established a basic socialist system, there was still the question of liberating productive forces. The reason is that the basic contradictions in a socialist society are also the contradictions between the relations of production and productive forces and between the superstructure and the economic base. The reform we talk about refers to the reform of the part in the relations of production which is not consistent with the development of productive forces and of the part in the superstructure which is not suitable to the economic base under the premise of upholding the socialist system. It is because this kind of reform touches on the readjustment of the basic contradictions in society; hence, it also liberates the productive forces. The difference is this: When we say "revolution liberates productive forces,"

we refer to the overthrow of the old relations of production and the establishment of a new relations of production; it is a social revolution which fundamentally changes the character of the relations of production. When we say "reform liberates productive forces," we refer to a social revolution which does not change the character of the relations of production and whose main task is to change the forms of economic structures which are not consistent with the growth of productive forces. Under ordinary circumstances, this revolutionary process of liberating productive forces is carried out in a planned and orderly fashion as it is a self-perfection and self-development of the socialist system.

In summing up and recalling the historical process of growth and change in the relations of production and superstructure in our socialism, this historical conclusion can be drawn: Under the historical conditions of socialism, the relations of production should adapt to the demands in the development of productive forces, while the superstructure should adapt to the demands of the economic base. This remains the fundamental law of social revolution and development. To turn back on this law is to invite punishment by objective laws.

In our history, we have committed the "leftist" mistake of hasty pursuit of results which were beyond the growth level of the productive forces. In exceeding the scope and possibility permitted in the development of productive forces, the relations of production and the superstructure were transformed too soon and too quickly, resulting in the destruction of the development of productive forces. For instance, during the "Great Leap Forward" period, the semi-socialist elementary agricultural producers' cooperative which was basically suitable to the level of agricultural productive forces at that time was hastily promoted into the advanced agricultural producers' cooperative and then "rushed" into what was essentially a politically and socially integrated people's commune; theoretically, the erroneous views about the so-called "developing productive forces after changing the relations of production" and "jogging into communism" were presented, completely violating the law on the relations of production adapting to the development of productive forces, and in the end, seriously jeopardizing the development of productive forces and being punished by the "three years of rectification."

In our history, we have also committed the "leftist" mistake of having the relations of production and superstructure lag behind the productive forces and thereby hampering the development of productive forces. For instance, for a very long time, we basically carried out a highly centralized product-oriented economic system, integration of politics and enterprises, as well as integration of the rights of ownership and of management; for years we implemented the distribution system of "everyone eating from the same big pot" and of "iron rice bowl," seriously affecting efforts to improve labor productivity and restricting the growth of productive forces.

The conclusion of history tells us that the development of productive forces will definitely be jeopardized when the relations of production exceed the development of productive forces, and the development of productive forces will be restricted when the relations of production lag behind the growth of productive forces. These lessons should be remembered.

To gain a correct understanding of the basic contradictions of socialist society and continuously reform and readjust the unadaptable parts of production relations and productive forces and of the superstructure and the economic basis, the central link is to correctly understand the relationship of dialectical unity between the main contradictions and basic contradictions of our country in the socialist historical stage. In this respect, a correct exposition was first made by the resolution on the political report delivered at the party's Eighth National Congress. It pointed out: "Domestically, the main contradictions in our country are already the contradictions between the people's demand for building up an advanced industrial state and the reality of a backward agricultural state and the contradictions between the people's needs in the rapid economic and cultural development and the reality that the current economic and cultural development still cannot satisfy their needs." This conclusion, drawn by the resolution of the "Eighth National Congress" on its political report, was based on an analysis of the historical situation at that time. At that time, our party had already led the Chinese people to achieve an overall and decisive victory in carrying out socialist transformation of agriculture, handicraft industry, and capitalist industry and commerce. The contradictions between China's proletariat and bourgeoisie had been basically resolved; the history of the class exploitation system, which had lasted several thousand years, had basically ended; and the socialist system had been basically established. Therefore, the resolution on the political report pointed out at the same time: "In essence, under the situation wherein China's socialist system has already been established, this is a contradiction between the advanced socialist system and the backward social productive forces. The main task for the party and the people throughout the country at present is to concentrate their strength to solve this contradiction and turn our country from a backward agricultural state into an advanced industrial state as soon as possible." However, this formulation was not entirely accurate in theory, because it did not point out the following in an all-around way: Socialist production relations which are suited to the development of productive forces have already been established; at the same time, they are still very imperfect, and these imperfections are contradictory to the development of productive forces. Nevertheless, the starting point of the above-mentioned formulation was that after the basic completion of socialist transformation and basic establishment of the socialist system in our country, the main task of the state is to develop productive forces. History has proved it to be correct. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng

Xiaoping has made a comprehensive Marxist exposition on the main contradictions facing China's socialist system at present and the relationship between the central task and basic contradictions. He pointed out: "The level of development of our productive forces is very low, far too low to satisfy the needs of the people and the state. This is the main contradiction in the current stage, and the solution of this main contradiction is our central task." This is an objective basis for us to take economic construction as the center and firmly grasp the basic link of economic construction without relaxation. Having understood the main contradiction and the task of solving the main contradiction, it is still necessary to further understand the relationship between the main contradiction and the basic contradiction. Comrade Xiaoping pointed out many times: "What is socialism, and what is Marxism? In the past we did not have an entirely clear understanding of this question. Marxism attaches the greatest importance to the development of productive forces. When we talk about communism, what does communism mean? It means from each according to his ability, to each according to his need. Thus, a high degree of development of social productive forces and extremely abundant material wealth in society are demanded. Therefore, the most fundamental task for the socialist stage is to develop productive forces." How do we fully develop productive forces? To this end, we must change the production relations and superstructure which are not suited to the development of productive forces. This is what the reform we are often talking about means. Comrade Deng Xiaoping pointed out that reform is a revolutionary transformation. "Reform is the self-perfection of the socialist system and, to a certain extent, a revolutionary transformation in certain spheres. This is a major event, which shows that we have already begun to find a path of building socialism with distinctive Chinese characteristics." Thus, the main contradiction of the socialist historical stage and the relations between the central task and basic contradiction were expounded in very definite terms.

Only when we understand the internal relations between the main contradiction and basic contradiction of the socialist historical stage and the law governing their internal movements can we really emancipate our minds, gain the initiative in economic development, and readjust in a timely way the unadaptable parts of production relations and productive forces and of the superstructure and the economic basis, and can we take the road of building socialism with distinctive Chinese characteristics. On this question, the key is to understand that the continuous readjustment of the unadaptable parts of the basic contradiction in accordance with the law governing its movement is an historical course and a course of continuous movement. Some comrades admitted that as the current reform of the original over-centralized economic structure is aimed at fundamentally changing the economic structure which obstructs the development of productive forces, it certainly bears a revolutionary nature, and its purpose is to

emancipate productive forces. But at the same time they believe that after reforming the existing old structure which obstructs the development of productive forces, after establishing and perfecting the operational mechanism of the planned commodity economy, there will be no more task of emancipating productive forces as production relations are suited to the demands of productive forces. Therefore, according to their understanding, "reform means emancipating the productive forces" means only to reform the existing highly centralized old economic structure. When the existing production relations are suited to the demand of productive forces, there will be no more task of emancipating productive forces. This view does not conform to the viewpoint of dialectical materialism and historical materialism, because dialectics believes that all things are in the course of movement and development. In the course of social development and movement, productive forces are the most active factors. They will inevitably smash all trammels and continuously develop. Like all other things in movement, in the contradictions between production relations and productive forces and between the superstructure and the economic basis, when old contradictions are resolved, new contradictions will emerge. Both sides of the contradiction are always developing endlessly according to the law of the unity of opposites. Therefore, we cannot say that in the current reform, after the original structure of the highly centralized planned economy, which obstructs the development of productive forces, is changed, there will be no more task of reform. Of course, in the economic sphere, the establishment and perfection of a new structure and new operational mechanism will need some time. There will be a relatively long period for their stabilization, and the emancipated productive forces will have a period of advancing by leaps and bounds. But there will also be some movements and readjustments in certain procedures and stages. Thus, through a certain stage of development, new situations of inadaptability between basic contradictions of society will appear again, which will demand new transformations. Only when material wealth of society is extremely abundant and mankind can enter the communist historical stage characterized by the principle of from each according to his ability, to each according to his needs, can this transformation adopt a new form. But even then there will still be contradictions; only their forms and nature will be changed.

Commentator on Achieving High Growth Rate

HK0807132892 Beijing GUOJI SHANGBAO in Chinese
23 Jun 92 p 1

[Commentator's article by Ma Meili (7456 3780 7787):
"Pursuit of Attainment of High Growth"]

[Text] Being backward would be attacked. No patriot does not seek a high speed of economic development.

The "Great Leap Forward" was a painful setback. Later, there occurred a time in which the level of capital

construction exceeded the national capacity. People drew a lesson from such things. Whenever "speed" was mentioned, they would have misgivings in their minds. However, the "Great Leap Forward" was just earlier historical experience; we also had the historical experience of the 1980's. Regarding the later historical experience, because it is not far from the present moment, people have not had time to fully digest, analyze, generalize, and summarize it. However, Comrade Xiaoping, with foresight, made a generalization in his talks during his recent inspection tour of the south. He pointed out: In the five years between 1984 and 1988, the total industrial and agricultural output value increased by an average of 21.7 percent each year, "the nation's wealth increased by a huge amount, and the national economy as a whole leaped to a new stage." Such "accelerated development can also be called a 'leap,' but it was different from the 'Great Leap Forward' and it did not harm the overall body and mechanisms of development." According to the data and people's personal experience, everyone would certainly agree with Comrade Xiaoping's unusual assessment of these five years—it was a "leap," a "rise to a new stage."

During the "Great Leap Forward," forests were felled, iron ware was smashed, and labor was abused. In order to seek "speed," productive forces were ruined. Such ignorance made rapid development in China a synonym for contemporary fanaticism. In the 1980's, China found a realistic way to realize high-speed development. That was the road of reform and opening and the road of science and technology.

The "leap" in the 1980's started from the contract responsibility system on a household basis in the countryside, and was promoted by the opening to the outside world and the expansion of the economic structural reform. Reform and opening brought about substantial changes in the three major factors in economic development, namely, capital, market, and labor. Since opening, foreign investment has reached \$23.3 billion, and advanced technology and management methods have been brought into our country. The fair markets, the specialized markets for commodities, the production materials market, the futures market, the technology market, the financial market, and the labor market.... have emerged and grown like bamboo shoots in the spring. New towns and cities were built as miracles in the world. Peasants are no longer rigidly tied to their land. All sorts of businessmen and entrepreneurs are active on the economic stage. New undertakings, trades, and jobs absorb and train large amounts of labor. Opening not only brought in "hardware," but also brought in new knowledge, ideas, and concepts. Should we take the achievements of civilization in capitalist society for reference? Marxists and Comrade Xiaoping always answer "yes." Before Comrade Xiaoping's talks, although there were many theoretical taboos in this regard, the advanced operational modes and management methods and even some concepts and analysis methods in economics that could be taken for reference

from the West were adopted in the practice of our country's economic work in the 1980's and achieved good results. Economic decisionmakers and the managerial personnel at various levels in our country have been continuously renewing their knowledge, vision, and thought at varying speeds. The "speed" we are now talking about is no longer the same "speed" as during the "Great Leap Forward." Instead, it is based on "guaranteeing good economic efficiency and quality." With the experience in the 1980's, it is completely possible for us to further speed up our economic development.

Some people may still be worried about the possibility that the level of capital construction will become too high; projects will be started in a disorderly way; and products will be stockpiled in large quantities. Such concern is not groundless for the time being. However, these problems are caused by the old economic structure. If the economic structure is not properly reformed, the problem of an excessively high level of capital construction may still occur again and again and will never be thoroughly eliminated. Therefore, the real solution lies in quickening reform rather than in slowing down or stopping reform. The investment mechanisms and the bank credit-providing mechanisms should be changed; government functions should be changed; and enterprise operation mechanisms should also be changed. Of course, such reforms cannot be accomplished overnight. Comrade Xiaoping said: "In localities with better conditions, things should be done as quickly as possible." Conditions are important. There must be the necessary conditions, but we cannot just passively wait for the conditions.

When talking about understanding and implementing the spirit of Comrade Xiaoping's talks, General Secretary Jiang Zemin first mentioned the issue of grasping the opportune moment and quickening reform, opening, and economic construction. Since the 1980's, our country has achieved great results in reform and opening, but we still need to make further explorations and break new ground more quickly in expanding the content, scope, geographic areas, and scale of reform and opening.

Further on Planned Accounting System Reform
OW0907143292 Beijing XINHUA Domestic Service
in Chinese 0616 GMT 8 Jul 92

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 8 Jul (XINHUA)—Recently, the Ministry of Finance announced in succession a series of new accounting systems for implementation. Following the promulgation of the "Accounting System for Enterprises Experimenting with the Joint-Stock System" on 23 May, it announced, jointly with the State Economic Restructuring Commission, on 24 June the "Accounting System for Foreign-Invested Enterprises." It has been learned that another 20 plus new accounting systems will be announced this year.

According to briefings by the relevant departments, the most striking feature of these newly announced and yet-to-be announced accounting systems is that they have dismantled the accounting system based on ownership systems, departments and trades; have discarded some accounting methods and principles in the original accounting system; and have replaced these with internationally adopted accounting standards and methods. Henceforth, China's accounting system will undergo a great revolution.

The accounting system is the basic standard for regulating the way an enterprise maintains its accounts. Using vouchers, account books, statements and reports, it not only raises the economic returns of an enterprise but also makes it possible to oversee the enterprise's operation. For a long period of time, China has implemented an accounting system that is highly centralized and having the tint of unified state control over income and expenditures. This accounting system was drawn up according to different ownership systems, departments and trades. And since each ownership system, department and trade does not have a unified set of accounting requirements to adhere to, the accounting information and materials provided by various kinds of enterprises lack uniformity and comparability. In particular, the original accounting system places too many restrictions on trivial matters. An enterprise has to draft a plan first and then submit a report before it can receive approval even to build a toilet or repair a road. It hardly has any power over financial affairs. And because the standards in the original accounting system are different, it has led to inconsistencies in the level of debts among enterprises.

There is no denying that the old accounting system played a major role in financial and economic management during the past decades. With the rapid development of the socialist commodity economy, the gradual expansion of lateral economic cooperation, and the diversification of enterprise operations, enterprise groups that are transregional, transdepartmental, and transindustrial have emerged one after another in recent years, along with joint-stock enterprises and those run under lease. The highly centralized accounting system, however, has failed to adapt to the changes in enterprise ownership and operational patterns and thus has created many problems and contradictions in the operation and management of enterprises. For instance, the Capital Iron and Steel Co. is now an enterprise group engaged in metallurgical, machine-building, construction, electronics, and food industries. However, with each industry having its own accounting system, the company is unable to make consolidated accounting statements, which in turn makes it difficult to get an accurate picture of the entire group's operational activities and results. The Beijing Tianqiao General Merchandise Co., Ltd.—one of the first enterprises experimenting with the joint-stock system—is another example in point. As its pre-joint-stock financial and accounting statements had no such entries as sources of cash payment for shares and

income from stock investment, the company's financial and accounting personnel had a hard time keeping the books.

Accounting information is a kind of international language. China's accounting information, however, can hardly serve as a communication tool in the country's efforts to open up itself to the outside world and in Sino-foreign economic and technological cooperation and exchanges. Late last year, Shanghai ran into some problems in its preparations for the issuance of B-type stocks in Hong Kong, because Hong Kong authorities could not understand the accounting statements submitted to them. Consequently, pertinent enterprises had to pay high prices to hire international accounting companies to remake their accounting statements. The Ministry of Railways also ran aground in its loan negotiations with the World Bank simply because World Bank officials could not understand its accounting statements.

All this shows that the old accounting system is affecting China's efforts to deepen its economic reform and open itself up wider to the outside world, which is the very reason why party and state leaders are attaching great importance to the reform of the accounting system. In the past few months, Jiang Zemin, Li Peng, Yao Yilin, Tian Jiyun, Zou Jiahua, and Zhu Rongji have all given important instructions concerning reform of the accounting system.

Currently, China is intensively restructuring its accounting system. Soon the state will promulgate its first "Basic Accounting Standards" since the founding of New China. In addition, it will also gradually promulgate 40 specific accounting standards, including those for fixed assets accounting, depreciation accounting, intangible assets accounting, balance sheet, statement of profit calculation, statement of changes in financial position, consolidated financial statement, and long-range investment accounting. Experts believe that the implementation of a new accounting system will certainly play a big role in expediting the transformation of operational mechanisms in enterprises and in accelerating China's program of reform and opening to the outside world.

Financial Rules for Foreign Enterprises Issued

OW0807214392 Beijing XINHUA Domestic Service in Chinese 2141 GMT 6 Jul 92

[Text] Beijing, 7 Jul (XINHUA)—The Ministry of Finance recently promulgated "The Provisions of the People's Republic of China on the Management of Financial Affairs of Foreign-Invested Enterprises" and "The Accounting System of the People's Republic of China for Foreign-Invested Enterprises."

These two documents, written on the basis of state laws and regulations concerning foreign investment and on the basis of drawing on and fully assimilating commonly adopted international principles and practices after summing up China's experiences in dealing with financial and accounting work in foreign-invested enterprises in

the past decade, are universally applicable to Chinese-foreign joint ventures, Chinese-foreign cooperative enterprises, and wholly foreign-funded enterprises within the territory of China. The promulgation of these two documents will help improve the investment environment and stimulate the development of foreign-funded enterprises in China at a quicker pace and in a better way.

China has absorbed a large amount of foreign investment in the decade since it introduced reform and opening up to the outside world. As of last May, China had approved a total of 50,876 foreign-invested enterprises, with the contract volume amounting to \$59.34 billion. Of these, nearly 20,000 enterprises had begun production. In 1991 the industrial output value created by these enterprises was 123.7 billion yuan, accounting for 4.9 percent of the country's total industrial output value. Among the 500 largest industrial enterprises in the country, more than 30 are foreign-invested enterprises. In 1991 these enterprises exported \$12.5 billion worth of products, accounting for 16.7 percent of the country's total volume of exports. The taxes (not including customs duties) generated by these enterprises amounted to 6.86 billion yuan. Revenues generated by foreign-invested enterprises account for a large proportion of revenues in coastal provinces and cities. In Beijing the ratio is 15.1 percent; in Guangdong Province, 21 percent; in Fujian Province, 13.6 percent; and in Xiamen, 20 percent.

It has been learned that the Ministry of Finance promulgated "The Accounting System of the People's Republic of China for Chinese-Foreign Joint Ventures" and "The Provisions of the People's Republic of China on the Management of the Financial Affairs of Chinese-Foreign Cooperative Enterprises." As the provisions and the system can no longer meet the objective needs, they must be revised, supplemented, and improved. In drawing up the new provisions on management of foreign-invested enterprises and the accounting system for foreign-invested enterprises, the following principles have been adhered to: 1) The principle of helping to improve the investment environment and promote the development of foreign-invested enterprises at a quicker pace and in a better way. 2) The principle of paying attention to overall management, increasing the openness of policies, and reducing direct administrative interference by the government. Where indispensable administrative management is necessary, provisions have been made to standardize enterprises' financial activities as far as conditions permit. 3) The principle of drawing on international practices. International scientific and standardized methods have been adopted as far as conditions permit. 4) The principle of handling well the relationship between promoting enterprise development and strengthening the management of financial and accounting matters. While the independent management rights of enterprises are respected and the legitimate rights and interests of enterprises and investors are protected, enterprises and investors are required, as far

as their financial activities are concerned, to abide by state laws and regulations and to accept government control and supervision, so as to safeguard state interests and to ensure the smooth and healthy development of foreign-invested enterprises. 5) As its management system, the Ministry of Finance will adopt the principle of unified leadership and management at different levels and delegate some jurisdiction to local financial departments and competent departments in charge of central enterprises.

Foreign Trade Maintains High Growth Jan-Jun

OW0907151592 Beijing XINHUA Domestic Service
in Chinese 0926 GMT 7 Jul 92

[By correspondent Huang Songping (7806 7313 1627)]

[Text] Beijing, 7 Jul (XINHUA)—China made new progress in foreign trade in the first half of this year while quickening its pace in reform and opening to the outside world. Exports maintained their upward swing, whereas imports continued to pick up by a big margin. Imports outpaced exports by 6.1 percentage points.

According to customs figures, in the first half of this year, China's gross import and export value reached \$68.67 billion, up 20.2 percent from the same period last year (the same applies to subsequent figures), of which exports accounted for \$35.61 billion and imports \$33.06 billion, up 17.3 percent and 23.4 percent respectively. Deducting gratuitous aid, donations, imports of equipment by foreign-funded enterprises, and exports of processed goods from imported foreign materials, China earned \$29 billion from exported goods and paid \$23.74 billion for imported goods, up 16.6 percent and 22.6 percent respectively.

In the first half of this year, China continued to readjust the structure of its import and export commodities. Exports of manufactured goods rose, while exports of machines and electrical products increased rapidly. Imports of intermediate and primary goods increased, whereas imports of industrial raw materials picked up markedly.

The Shenzhen, Zhuhai, Shantou, Xiamen, and Hainan Special Economic Zones all registered increases in their imports and exports, accounting for about 15 percent of China's gross import and export value. Imports and exports by foreign-funded enterprises continued to grow rapidly.

Official Calls for Quality Attestation System

OW0607212892 Beijing XINHUA Domestic Service
in Chinese 1429 GMT 4 Jul 92

[By RENMIN RIBAO reporter Zhu Jianhong (2612 0494 5725) and XINHUA reporter Tang Hong (0781 5725)]

[Text] Beijing, 4 Jul (XINHUA)—At the first national conference on product quality authentication held on 4 July, Zhu Jianhong, director of the State Technology Supervision Bureau, pointed out that China urgently needs to establish and improve its own product quality authentication system and to begin quality authentication work in accordance with international practices and on the basis of laws and regulations.

Since the introduction of reform and opening to the outside world, China has not yet established a product authentication system in accordance with international practices. As a result, some of our methods of product quality supervision are not recognized by foreign countries, and thus China faces economic losses and the limitations of technical barriers set up by its trading partners. China's numerous exporting enterprises are unable to sell their products on the international market because they do not understand the requirements of the product quality authentication systems of other countries. Besides, the prices of their products are far lower than those of similar authenticated products of the importing countries. Some enterprises that understand the requirements of product quality authentication have to spend their valuable foreign exchange each year and have a foreign country authenticate quality or have a foreign inspection organization issue a quality inspection report.

Since China established its first quality authentication committee—the China Electronic Parts and Accessories Authentication Committee—in 1981, it has been experimenting with quality authentication work for 10 years. During this period it has established the China Electronic Parts and Accessories Quality Authentication Committee, the Chinese Electrical Engineering Products Quality Authentication Committee, the China Satellite Earth Station Equipment Quality Authentication Committee, the Chinese Cement Products Quality Authentication Committee, the China Automobile Safety Glass Quality Authentication Committee, the China Condom Quality Authentication Committee, the China Fire Fighting Products Quality Authentication Committee, the China Circumstance Marker Quality Authentication Committee, the China Automobile Products Quality Authentication Committee, and the China Toy Products Safety Authentication Committee. Experiments with authenticating electrical engineering products and electronic parts and accessories have transformed China's 12 laboratories into international authentication laboratories. China's cement exports have increased since the work of authenticating cement quality began. By the end of last year, 1,144 enterprises were authenticated, and some 1,908 certificates were presented to enterprises. In this way enterprises not only earned reputations but also improved their economic performance.

It has been learned that in addition to the existing 10 authentication committees, China plans to establish a few more starting at the end of the Eighth Five-Year Plan.

Daily on Commodity Inspection Departments' Role

OW0707132292 Beijing XINHUA in English
1220 GMT 7 Jul 92

[Text] Beijing, July 7 (XINHUA)—More than 6,000 food export-oriented enterprises in China have received hygiene registration certificates from the government departments concerned with standards and quality, the "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

The Beijing-based national paper said that 86 producers have been approved by Germany, Britain, Japan, France, the United States and Italy paving the way for China's food exports.

The increasing demands of many countries for hygiene and quality in food production has forced China to further control its food standards.

The departments for the inspection of import and export commodities have strengthened inspection procedures in cooperation with foreign trade departments and production organizations to carry out hygiene registration.

More than 1 billion yuan has been spent on technical upgrading of food processing enterprises to help improve standards since 1984.

Professionalizing Enterprise Cadres Proposed

HK0807052392 Hong Kong CHING CHI TAO PAO
in Chinese No 25, 29 Jun 92 p 13

["China Economic News" article: "Yuan Baohua Proposes Professionalization of Enterprise Cadres"]

[Text] With a view to training and bringing up enterprise management experts, Yuan Baohua, chairman of China Enterprises Management Association, recently put forward a proposal on conditionally professionalizing enterprise cadres.

Yuan Baohua called for attention on the following two existing problems: 1) Far too many successful factory directors and managers have been transferred from their factories to party and government organs. As a result, the leading force of enterprises has been weakened; and 2) at present, cadres in enterprises are under the same dismissal and retirement system with those working in state administrative organs. Such a practice is detrimental to gathering and bringing up a number of experienced and authoritative entrepreneurs. Among those currently working as factory directors and managers, many are in their 50's, while a small number are approaching the retirement age stipulated for cadres in party and government organs. It is truly a great loss if enterprise cadres retire according to the exiting administrative system. Under such circumstances, Yuan's proposal on conditionally professionalizing enterprise cadres will prove helpful in China's effort to stabilize and bring up a number of its own entrepreneurs.

Two-Year Property Evaluation To Boost Reform

HK0907061492 Beijing CHINA DAILY in English
9 Jul 92 p 1

[By staff reporter Li Hong: "Property Evaluation Gives Boost to Reform"]

[Text] The Chinese Government is launching a nationwide evaluation of State-owned assets in all businesses, in preparation for a new round of economic reform.

Central government officials said the survey and registration of State assets in businesses will facilitate reforms such as mergers of State-owned factories, introduction of foreign capital into State-run businesses, and expansion of the share-holding system in State enterprises.

"These, considered three main measures during the next phase of reform, will bring new fire into and rejuvenate China's State-owned industries," said economist Hang Zhihong.

Many State-owned firms in China, which have difficulty selling their poor-quality goods on the market, have remained indebted and live on heavy State subsidies.

Tang Bingwu, director of the National Administration of State-Owned Property, said that State-owned assets management companies will be established in all cities very soon. One has already been set up in Shanghai.

The companies will, on behalf of the State, decide on the sale, transfer and merger of State-owned property, or buying, selling and controlling shares of companies listed on the stock exchange.

Tang said assessment of State assets by authorized accounting and evaluation departments will make business mergers easier.

And the assessment will also make it more convenient to set up joint ventures. Previously, the value of State-owned property held by the Chinese partner was often evaluated incorrectly.

For shareholding reform, the check of State assets will strengthen management of the property and prevent a drain on State assets. The State property management companies will ensure the businesses do not take shares and dividends that belong to the State.

Prior to shares being offered by State firms, the property—its investment, production development funds, reserve funds and depreciation funds—will be evaluated and converted into shares owned by the State.

Shenzhen—the country's first Special Economic Zone—and Shanghai are experimenting with the shareholding system.

Employment reforms beginning in the early 1980s in the cities have been effective in encouraging workers to increase production, but have led to losses of State-owned property.

Some contractors sought exorbitant short-term profits by exploiting State-owned machines and production equipment. Some even falsely squeezed the depreciation funds in order to line their pockets.

Tang Bingwu said that China has an estimated 2,270 billion yuan (\$420 billion) worth of State assets.

So far, the government has carried out assessments in 18 provinces, autonomous regions and municipalities, with more than 262 billion yuan (\$47.6 billion) of State assets already registered.

Tang estimated the entire assessment job will be completed within two years.

National Metals, Minerals Conglomerate Established

OW0907102492 Beijing XINHUA in English
1010 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—The China Metals and Minerals Group, one of the first batch of large conglomerates approved by the State Council, was established here yesterday.

With the China National Metals and Minerals Import and Export Corporation as the core member, the China Metals and Minerals Group will engage in international trade, scientific research, production, distribution and services. The group has 290 members, including 50 abroad.

The China National Metals and Minerals Import and Export Corporation deals with the import and export of rolled steel, non-ferrous metals, mineral products, hardware and building equipment. Its total import and export volume has reached 92 billion U.S. dollars since its establishment in 1950.

As one of the oldest state-level foreign trade companies, the corporation has established trade relations with thousands of factories in more than 100 countries and regions.

Record Reported in New Construction Projects

OW0907135092 Beijing XINHUA in English
1230 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—The construction industry reports a 40 percent increase in business for the first five months of the year.

The State Statistics Bureau announced today that new projects worth more than 50,000 yuan totalled 11,633—the highest on record.

A bureau official said the new projects figure was 3,549 for the first quarter, then doubled in April and May because of the relaxation of control on new investment.

The official said projects for agriculture, forestry and water conservancy and the service industry grew faster than the industrial sector.

As far as investment is concerned, new projects of agriculture, forestry and water conservancy account for 1.9 percent of the total, while the industrial sector dropped to 57.1 percent from 66.4 percent of last year's same period and service industry jumped to 41 percent from last year's 32 percent.

Although new projects are increasing and construction brisk, there are also some problems such as small-scale investment, disorder in approvals and too much emphasis on building hotels and long-term industrial projects.

Industrial officials are calling for guidance in capital construction while decentralizing power. Related departments should veto projects which are not in line with the state industrial policy, they said.

Economist Ma Hong on Developing Central Region

HK1007053992 Beijing LIAOWANG in Chinese No 21, 25 May 92 pp 18-19

[Article by Liao Ping (1394 1456): "Ma Hong, Director of Development Research Center Under State Council, on Strategy for Economic Development of China's Central Region"]

[Text] [LIAOWANG] In China, we have an old saying: "Those who keep the central plains under their control will have all China, while those who lose this region lose the whole country." Although this was merely a consideration based on the region's strategic military position, it is closely related to its economic importance after all. This is true historically. Today, however, at a time of reform and opening up and especially in the 1990's, a historic turning point for China's economic development, what mission does this central region undertake in national economic growth?

[Ma Hong] Before answering your question, let me brief you on the basic conditions in the central region. According to the divisions laid out in China's Seventh Five-Year Plan, the central region includes nine provinces. Since Heilongjiang, Jilin, and Inner Mongolia have now been classified under the category of open border areas, the present central region is actually formed by the six provinces of Shanxi, Henan, Hubei, Hunan, Jiangxi, and Anhui, with a total area of 1,027,000 square kilometers or 10.7 percent of the country's total area. These six provinces had a total population of 324.25 million, accounting for 28.6 percent of China's total population. These data show the importance of this region. In the 1990's, the region's strategic position and role will become still more prominent in the wake of economic development across China. This will mainly be reflected in the following aspects:

First, the central region's function as the foundation of China's industrialization process will be further reinforced. On the one hand, the relatively developed agriculture of the central region provides extremely favorable conditions for the development of agricultural and sideline product processing industries and other industries which support agriculture, and it also provides a guarantee for the further industrialization of China. On the other hand, as far as the supply of energy and raw and processed materials is concerned, production bases in the central region will remain the mainstay of China in the 1990's. The central region needs to expedite continuous development of these industries through structural transformation and upgrading so that their role as the foundation of the economy will be consolidated and reinforced.

Second, the central region will play a still more prominent supporting role in the wake of further opening and development in coastal areas. The special geographical location of the central region makes it an important backing for the coastal areas in their opening up efforts. In the wake of the further expansion of opening up to the outside world, coastal areas will be more dependent on the central region, while the latter will support, on a still larger scale, the eastern part of China in its opening up process in terms of both material and human resources.

Third, the central region will play a still more prominent role in promoting the coordinated development and common prosperity of different parts of the country. Densely populated and with great aggregate economic strength, the central region is the mainstay of China's economic development. In addition, its geographical location is an advantage. The development of the central region will have an important influence on the country's entire economic development structure and will give the strongest impetus to the Chinese people's efforts to achieve a general well-off living standard.

[LIAOWANG] After the central authorities put forth the development strategy for coastal areas, what role will the central region, which is of great importance, play in the country's economic development? This question has drawn people's attention and offered them food for thought. In the past few years in particular, the western region has put forth a strategy of "opening along the border" and "exploitation of resources," the economy of the western region is showing a tendency of accelerating development. Given this rapidly developing situation, how are we going to formulate a regional development strategy in keeping with the special conditions of the central region in accordance with national regional development policy?

[Ma] When we are formulating a development strategy for the central region, it is not enough if we confine our attention to the central region alone. We will have a correct understanding of the development strategy for the central region only if we define the region's position and due role within China's overall development strategy. During the initial period of reform, with regard

to studying the development strategies of the three major regions, namely, the eastern, central, and western parts of the country, we had, from a nationwide point of view, several different theories, such as the "theory of step development," the "theory of a shifting focal point," and the "theory of advancing side by side." However, practice has proven that in a developing country like China with a large population, low per capita income, and limited funds, it is in keeping with the law of development of the productive forces and the long-term interests of all people if some localities are allowed to develop before others according to the internal needs of economic development in order to expedite economic development throughout the country. Therefore, when formulating a development strategy for central and western regions, we must not attempt to boost development in these regions at the expense of the development of coastal areas. On the contrary, we should expedite the development of the central and western regions through reform and opening up so that "the regional economy will develop in a coordinated manner through rational sharing of functions, with each region giving play to its own advantages and different regions complementing each other." Our ultimate goal is to fulfill the principle of "centralized planning, rational sharing of functions, different regions complementing each other with their own advantages, coordinated development, consideration of all sectors' interests, and common prosperity."

[LIAOWANG] In your opinion then, in order to speed up development of the central region, we must first write out a list of this region's outstanding industries in light of an analysis of its existing abundant resources, its development conditions, and its position in terms of functional division in the country's industrial development.

[Ma] That is correct.

[LIAOWANG] What do you think needs to be considered when listing the central region's outstanding industries?

[Ma] First, in light of actual circumstances in the central region, they must strive to promote high-quality, high-yield agriculture. The central region enjoys superior natural conditions for agricultural development and has a fine tradition of intensive farming. While approaching a well-off living standard, people in this region will have stricter demands for agricultural products in terms of variety and quality. In the wake of the readjustment of the agricultural structure, added value in agricultural products will be gradually enhanced and developing high-quality and high-yield agriculture will become an important aspect of the development of production in the central region.

Second, we must extend the chain of production and increase the extent of product processing. It is necessary to attach importance to the development of food processing, feed processing, and wine industries with agricultural and sideline products as their raw materials as

well as light and textile industries, and to the development of intensive processing industries with coal and other resources as raw materials to effect a change from exporting local resources to exporting finished products.

Third, we must expedite the transformation and upgrading of the production structure. The central region has a solid industrial foundation and a pretty complete industrial setup. However, due to their low technological standard, these industries do not have strong competitive power and do not promise high economic returns. Through technological transformation, these industries will become key industries boosting economic growth in the central region and will emerge as important regional industries with high potential within the national production structure if their technological standards are upgraded and their equipment updated.

Fourth, they must vigorously develop high and new technology industries, make use of the central region's favorable conditions in terms of qualified personnel and scientific and technological standards, and establish high and new technology development zones so that high and new technology industries will help promote conventional industries.

It is necessary to fulfill a strategic goal, that is, to effect the change from a product economy to a socialist commodity economy; from a production structure that provides the people with just enough food and clothing to one that promises a well-off living standard; from a mode that sets store in favorable conditions in a single aspect to one that sets store in comprehensive favorable conditions; and from a simple ownership structure to another ownership structure in which economies of different types coexist side by side under the dominance of public ownership.

[LIAOWANG] Since reform and opening up, we have seen a remarkably wide gap develop between the central region and the eastern part of the country in many aspects. What do you think is the major difference between the two regions?

[Ma] The very basic and principal difference between the two sides is seen in terms of the extent of reform and opening up. As far as the extent of opening up to the outside world is concerned, that China hinterland lags behind the coastal areas is an obvious fact. At the same time, we must also be aware that the hinterland is lagging behind the coastal areas in many aspects of reform. With regard to the enterprise operational mechanism, enterprises in China's hinterland are, to a pretty large extent, subject to influence and restrictions by the conventional operational structure, which is the main contributing factor to a lack of vitality on the part of enterprises.

However, how the hinterland opens its doors to the outside world is an issue that deserves thorough study. In the wake of opening up, the expansion of opening up in the interior provinces has become an irreversible trend in China. As some interior provinces are enjoying

expanded decisionmaking power in economic transactions with foreign parties, policies relating to reform and opening up that have proved effective in coastal areas should be gradually introduced to the hinterland. However, to the hinterland, the unique geographical conditions of coastal areas are beyond compare. Given the same policies, how can we effectively promote the opening up of the hinterland? Some comrades have suggested that foreign businessmen should be allowed to share China's domestic market under certain conditions with a view to encouraging investments in the hinterland. For instance, with regard to the technological transformation of state-owned enterprises in the hinterland, we may consider running joint ventures with foreign businessmen and allowing them to sell improved new products on the domestic market. Whether this practice can be adopted as a special measure within the limits of the opening policy for China's hinterland is an issue that deserves further study. By and large, the hinterland cannot possibly copy the system practiced by coastal areas completely in the process of opening up to the outside world. They need to blaze new trails and can try many new ways.

[LIAOWANG] At present, the issue of carrying out reform of the economic structure in depth is becoming an increasingly urgent task for the central region. To speed up economic reform in the central region, what questions merit particular attention?

[Ma] Let us focus on some essential issues. First, it is necessary to earnestly solve the problem of transforming enterprise operational mechanisms. As the state-owned economy plays a more important role in the central region than in coastal areas, whether the state-owned economy can be invigorated has a direct bearing on the central region's economic condition. Therefore, it is necessary to take the transformation of enterprise operational mechanisms as the major task for this year, according to the State Council's requirements, in the process of in-depth reform and to adopt effective measures to popularize the successful experience of some areas and enterprises in order to invigorate other enterprises. This is a basic prerequisite for upgrading the existing industrial structure.

Second, it is necessary to vigorously develop the joint-stock economy and to develop various financial means to raise the necessary funds for the development of the central region. For the moment, the central region lacks funds and other provinces are facing financial difficulties as well, so it will be rather difficult for them to solve the problem of transforming and upgrading the structure if they rely solely on funds provided by the government and on those kept by enterprises. By developing a joint-stock economy, we can, on the one hand, extensively pool funds from the community to make up the shortage in state and local funds, and, on the other hand, the joint-stock economy can help attract funds from eastern China and other parts of the country and from abroad as well, thus considerably increasing sources of funds. We must pay particular attention to the practice

of applying preferential policies, like those adopted to attract foreign funds, to attract investors from the eastern region to start joint ventures or wholly owned enterprises in the central region and to encourage the transfer of funds and technology from the eastern region to the central region. All these measures should be improved in terms of systems and policies through further in-depth reform.

Third, we must do away with barriers between different regions and develop a national unified market. During the economic improvement and rectification operation in the previous period, regional protectionism gained ground in different localities. From a long-term point of view, regional protectionism which separates a locality from another can only protect backwardness and is unfavorable to local development. If the central region is to strive for prosperity, it should break barriers between regions and shift its focus of attention to enhancing the competitive power of local industries and products. If we market our products abroad, we should dare to let foreign products in to compete with ours as well. Only in this way will we be able to benefit from functional divisions and cooperation in a unified national market, thus maintaining ample competitive power in our economy.

Economists Urge Reform of Rural Employment System

OW0807013092 Beijing XINHUA in English
0115 GMT 8 Jul 92

[Text] Beijing, July 8 (XINHUA)—Over the past four decades China has made remarkable achievements in dealing with the excess labor force in its vast rural areas, but some Chinese economists worry that the problem is becoming more serious now.

In 1990, official statistics show, China had 420 million workers in the countryside, including 330 million working in the agricultural sector.

However, at present, the country only needs 200 million to 220 million farm workers. Consequently, there are more than 100 million surplus laborers in the countryside.

Chen Jiyuan and Yu Dechang, economists with the Rural Development Institute under the Chinese Academy of Social Sciences, have suggested that the government tackle the problem by decreasing the labor supply, increasing labor demand and reforming the existing employment system.

In an article carried in the "GUANGMING DAILY" [GUANGMING RIBAO] last Saturday they say that to reduce the labor supply the first thing to do is to curb the fast population growth. At present, China's population rises by 15 million each year.

To decrease the participation rate is another way, they note. In the countryside, 96.9 percent of men and 74.6 percent of women—including some below and above the

legal working age—are working, which is an extremely high proportion compared with most other parts of the world.

They also suggest changing the existing government regulations to raise the legal working age from 16 to 18.

To increase labor demand, the experts say one way is to pour more labor into improving low-yielding land and opening up wastelands and seashores, as the country has vast areas of such land.

They also believe the development of labor-intensive industries is a good way to absorb the excessive labor force. Moreover, they say, service industries in rural areas as well as in cities can absorb more of such people.

Setting up more overseas-funded firms in rural areas and carrying out labor export are other solutions, the economists say.

They added that the country should further develop labor markets and set up an insurance system for unemployed rural laborers.

Last, but not least, they suggest abandoning the existing household registration system which, they say, has prevented many rural residents from moving into cities, and, as a result, saturating the labor market in rural areas.

4 Million Farmers Have Social Pension Insurance

OW0607075092 Beijing XINHUA in English
0715 GMT 6 Jul 92

[Text] Wuhan, July 6 (XINHUA)—Nearly four million rural people have taken out a policy of the social pension insurance in 720 counties throughout China.

According to a National Conference on Social Pension Insurance in Rural Areas held here recently, the total premium for the social pension insurance in the rural areas has reached 300 million yuan.

Addressing the conference, Chen Hong, vice minister of civil affairs, said that the experimental work of the social pension insurance in the rural areas, which began last October, is going on smoothly throughout the country.

More than 20 counties and cities in Shandong, Guangdong, Hubei and Zhejiang provinces have established the social pension insurance system.

Describing the establishment of the social pension insurance system as "significant to the deepening of the reform and the social stability in the rural areas", the vice minister urged to speed up the pace.

East Region**Overseas-Funded Firms in Fujian Gain Profits**

OW1007032492 Beijing XINHUA in English
0308 GMT 10 Jul 92

[Text] Fuzhou, July 10 (XINHUA)—Over 70 percent of the 2,700 overseas-funded enterprises in southeast China's Fujian Province having gone into operation have made profits, according to a recent report by the provincial statistics bureau.

Replies to a questionnaire sent to 250 firms showed that 137 have made good profits, 24 were doing well and 87 were running at a loss. Two firms did not reply.

Among these enterprises 32 had already recovered their investment while 196 were on schedule to do so.

One hundred and twenty three of the firms plan to expand their production this year.

Xiamen To Catch Up With 'Four Small Dragons'

OW1007092392 Beijing XINHUA in English
0904 GMT 10 Jul 92

[Text] Xiamen, July 10 (XINHUA)—Another Chinese city—Xiamen, one of China's five special economic zones, in Fujian Province, has pledged to catch up economically with Taiwan, South Korea, Hong Kong and Singapore—[punctuation as received] the "Four Small Dragons" in Asia, after cities in Guangdong Province announced they were doing so.

Zou Erjun, mayor of the city, said at a recent meeting held in Xiamen, the city's economy will grow at an average annual rate of about 17 percent in the future, or double in five years. Therefore, he said, in 20 years it may be possible for the city to catch up with the "Four Small Dragons".

He said that in the past dozen years, the city recorded an average annual economic growth rate of more than 20 percent.

Last year the city, with a population of 1.1 million, realized a gross domestic product of more than 1,000 U.S. dollars per capita. Calculated on the nearly 400,000 people in the Xiamen Special Economic Zone, the per capita GDP stood at 2,333 U.S. dollars, Zou said.

In order to realize its goal, the mayor said that the city will quicken its pace in implementing policies for the free trade zone.

Xiamen will build a 2-square-kilometer bonded zone and gradually ensure easy circulation of funds, easy exchange of foreign currency and easy travel for people there.

It will also encourage foreign businessmen to invest in the real estate and service industries. Foreign investors

will also be allowed to do business in bonded markets for production materials and in futures exchanges.

To further speed up its construction of basic facilities, the city will try to finish the second phase of construction for the Dongdu Wharf as soon as possible and prepare for the start of the third phase while building the Haicang Wharf.

It is expected that the freight handling capacity of Xiamen Port will exceed 100 million tons by 2000.

Gaoqi International Airport will be expanded to accommodate Boeing 747s.

In addition, the city will invest heavily in the construction of water supply facilities and the Songyu power plant.

This year alone, Zou said, Xiamen will invest 1.2 billion yuan (about 200 million U.S. dollars) in infrastructure. The Haicang Taiwanese Investment Zone will pour in 300 million yuan to build water and power supply facilities, roads and telecommunications projects in the zone.

Jiangsu Takes Measures To Combat Drought**Speeds Supply of Materials**

OW0907133492 Beijing XINHUA in English
1223 GMT 9 Jul 92

[Text] Nanjing, July 9 (XINHUA)—Government of the Jiangsu Province in eastern China has urged its people to take effective measures to fight against drought.

Since mid-May, the Huaibei area of Jiangsu Province has been attacked by severe drought. In some 30 cities and counties in the area, the rainfall has only accounted for one-tenth of that in a normal year.

At present, some 170 million ha of farmland has been affected by the drought, some very seriously. In Liangyungang some 300 factories have suspended production due to lack of water.

The provincial government has made urgent arrangements for the supply of materials for the fight against the drought and urged the people in the province to make the utmost efforts to reduce losses.

Holds Mobilization Meeting

OW1007055192 Nanjing Jiangsu People's Radio
Network in Mandarin 1015 GMT 9 Jul 92

[From the "News" program]

[Text] The provincial party committee and government today held an emergency mobilization meeting for provincial-level organs on combating drought and providing disaster relief. Gao Dezheng, Standing Committee member of the provincial party committee and executive vice governor, presided over the meeting, and delivered

a report on the drought situation and the plan for resisting drought and providing disaster relief in Jiangsu. Shen Daren, secretary of the provincial party committee, made an important address.

The meeting began with a report on the current drought situation in Jiangsu and the measures taken to combat it. (?Little rain has fallen in Jiangsu since late May), and the situation in 30 counties and cities in Lianyungang, Huaiyin, Xuzhou, and Yancheng in the Huaibei region is particularly serious. Since mid- and late May, rainfall was only one-fifth of that of a normal year, of which the central Huaibei region has the lowest rainfall in history during the same time of the year. Although around 50 mm of rain fell in Nanjing today, there was no rain in the Huaibei region, and the water shortage situation is critical in the whole of Huaibei region.

The meeting also noted that the (?drought situation is turning worse) and every level in Jiangsu has attached importance to the matter. On several occasions, the provincial party committee and government have drawn up plans, and promptly taken a series of measures for resisting drought and providing disaster relief. On (?13) June, the provincial government issued an emergency circular. On 19 June, it convened a work meeting in the city of Huaiyin on drought resistance in the Huaibei region. On 8 July, the provincial party committee held a Standing Committee meeting to hammer out a plan for fighting drought. Provincial-level organs charged with planning, finance, civil affairs, industry, transportation, power, farm machinery, farm materials, and petroleum have actively organized funds, materials, and (?other relief efforts). Thanks to the effective measures taken during the earlier phase, damage caused by the drought was kept to the minimum.

To do a better job during current efforts to resist drought and provide disaster relief, the meeting called on all departments in provincial-level organs to form a consensus, fully understand the seriousness of the drought situation, form the mental preparation to fight great disasters on a long-term basis, recognize the impatience and anxiety of the people in disaster areas, and mobilize all forces to take part in the fight against drought. In particular, they must strengthen leadership, be of one heart and mind, and wholeheartedly help the grass roots to fight disaster. They must advance last year's spirit in flood resistance, spare no efforts, obey the unified command, strengthen discipline, and do a good job in resisting drought and providing disaster relief.

The meeting called on all departments to establish the leadership responsibility system so that all undertakings for combating drought and providing relief are carried out. As for the program to divert water from the Chang Jiang to the north, governments at all levels along the way must strengthen management and implement it in full. Agricultural departments must do a good job in allocating seeds and seedlings for replanting, as well as in adjusting crops to be cultivated. Departments in charge

of materials, planning, commerce, industry, transportation, petroleum, and farm machinery must do their best to secure, allocate, and arrange for more materials to be used to combat drought and provide disaster relief.

The meeting called on all relevant departments to fulfill their duties and to submit themselves to the cause of fighting drought to achieve a total victory in drought resistance. The meeting emphatically pointed out that the drought situation in the Huaibei region, especially in the east, is something rarely seen in history, and fighting the disaster is an urgent matter. All departments in provincial-level organs must adopt a realistic approach [words indistinct] clearly identify key areas, allocate materials in an orderly manner, soundly perform every task, minimize the damage, and strive to achieve an all-out victory in resisting drought and providing relief.

Public Security Vice Minister Inspects Jiangxi

HK0907124692 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 2 Jul 92

[Text] Yu Lei, state public security vice minister, recently inspected Jiangxi's public security work. During his inspection visit, Yu Lei emphatically called for implementing to the letter the spirit of a series of important speeches made by Comrade Deng Xiaoping during his south China tour throughout Jiangxi's day-to-day public security work, strengthening a sense of center and a sense of service, and creating a favorable public security environment in which Jiangxi's economy can take off.

Since 29 June, Comrade Yu Lei has inspected Jiangxi's public security contingent building work, legal system building work, traffic control work, fire prevention work, preliminary trial work, as well as armed police forces building work, listened to accounts given by persons in charge of the provincial public security department as well as a number of units concerned at the grassroots level on their services to Jiangxi's economic construction, and visited some public security organs and police stations at the grassroots level as well.

[Provincial party committee Secretary] Mao Zhiyong, [provincial Governor] Wu Guanzheng, Liu Fangren, Zhu Zhihong, and some other provincial leaders met and held in-depth talks with Vice Minister Yu Lei on Jiangxi's public security work and comprehensive social order harnessing work.

During his inspection of Jiangxi, Yu Lei also emphasized the necessity of organizing the broad masses of police officers and policemen across the province to conscientiously study the PRC People's Police Power Regulations, which was recently deliberated and adopted by the National People's Congress Standing Committee; stepping up both discipline building and style building of the provincial public security contingent; improving both quality and combat effectiveness of all the public security personnel across the province, including both police

officers and policemen; adhering to economic construction as the center; giving full scope to both functions and roles of public security organs at all levels; ruthlessly cracking down on all forms of criminals activities; eliminating all sorts of social evils; simultaneously grasping two aspects as well as building both material civilization and spiritual civilization; and creating a favorable public security environment to provide better services Jiangxi's reform, opening up, and economic construction.

Shandong Secretary on Work To Combat Drought

SK0907141992 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 7 Jul 92

[Text] The provincial party committee and government held an emergency telephone conference on the morning of 7 July to call on the party, the government, the army, and the masses as well as departments at all levels and all trades and professions throughout the province to further arouse themselves and work in unison to win an overall success in the antidrought struggle.

Li Chunting, deputy secretary of the provincial party committee, presided over the conference. Jiang Chunyun, secretary of the provincial party committee, gave a speech.

As was learned from the conference, surface water reserve of the province has currently reduced to the minimum, which has affected more than 70 million mu of land. Sixteen cities and prefectures of the province have been extensively threatened by drought, and the number of rural people experiencing difficulty in drinking water supply has increased to 10 million. Some industrial and mining enterprises in some large and medium-sized cities, such as Jinan, Zibo, Taian, Binzhou, and Dongying, have been forced to suspend production totally or partially. The scope of the affected areas is so large and the dry spell so long that they are rare in our history.

In his speech, Jiang Chunyun urged party and government leaders at all levels to fully understand the great significance in overcoming the serious drought and winning a bumper harvest in agriculture. He said: At present, Shandong's agricultural production has entered a very crucial period. The next 10 days constitute a crucial period for deciding whether we can ensure the growth of the seedlings that have already emerged and, in particular, whether we can quickly sow the more than 10 million mu of farmland which has not been sown or on which seedlings have died. If we fail to pay close attention to our work and carry it out effectively, we will create a loss impossible to remedy. Most of the autumn crops are used as the raw materials for industry or commodities to be exported to earn foreign exchange. They are also important financial resources to help peasant increase income. The harvest of the autumn crops decides not only on the fulfillment of the agricultural plan for this year but also bears directly on the economic development of the entire province, on the stability in society and in the life of urban and rural

people, and on the progress of the reform and opening up of the province. Combating drought to sow quickly and to ensure the growth of seedlings has become the most pressing and most important task for the province. With a highly responsible attitude toward the party and the people, party and government leaders at all levels should do a better job in organizing and leading the present antidrought struggle. We should educate cadres and the masses to cast away illusions, overcome reliance on nature for rain and the fear of difficulties, embrace the idea that man can conquer nature, enhance the confidence and determination in ensuring harvest by combating drought, and mobilize and organize forces from all quarters to plunge into the antidrought struggle.

Jiang Chunyun pointed out: When combating drought, all localities should give prominence to their work priorities and give different guidance according to different conditions. The important tasks of the current antidrought work are as follows: First, we should successfully create soil moisture in order to sow quickly, to protect seedlings, and to replant. Localities where the conditions for water resources and the growth of seedlings are better should strengthen management, expand their measures, and strive to increase production or surpass production quotas to make up for the shortfall with increased production. Localities where seedlings grow fairly well but conditions for water resources are poor should concentrate efforts on conducting seedling-saving irrigation well. Every means should be adopted to quickly sow the farmland which has not been sown or on which seedlings have died. Every inch of such farmland counts, and it should be sown as much as possible. If it is really impossible to sow such farmland, we should step up efforts to collect the seeds of late-autumn crops and cultivate the seedlings well to prepare for the sowing of substituting crops.

Second, we should ensure the supply of drinking water to people and animals. Localities seriously short of water should strengthen and rationalize management of water resources and distribute water in a unified manner. Meanwhile, we should mobilize and organize party and government organs at all levels as well as enterprises and institutions to deliver water to the villages in short of water to help them resolve the difficulty in drinking water supply. The provincial party committee and government have decided to apply the responsibility system to the departments' delivery of water to villages. Departments at the provincial, city, and county levels and all enterprises should also take action immediately. Third, we should guarantee the water supply to cities and industrial production. On the premise that water supply to urban people is guaranteed, we should adopt every means to ensure the supply of water for industrial use, especially for the use of key enterprises.

Jiang Chunyun pointed out: Managing and using well the existing water resources and making active efforts to tap new water resources are a decisive factor for success in antidrought work. All localities should place emphasis

on tapping the potential of underground water. Localities where water resources are available should concentrate manpower and machines to make use of the resources to the maximum. Localities where water resources are scant should make efforts to create new resources by digging the dried rivers and wells, blocking undercurrents, digging mountain springs, and sinking hand-pumping wells. Localities where drought is particularly serious and water resources are extremely scant should make the best use of all possible machines and tools to deliver water even from afar to combat drought.

Jiang Chunyun pointed out: All localities should embrace the idea of combating disasters on a long-term basis to reap bumper harvests. They should be prepared against numerous natural disasters and persistently attend to the antidrought and flood prevention work simultaneously. They should both muster efforts to win success in the antidrought struggle and make various preparations against large-scale floods and waterlogging. Meanwhile, we should coordinate the current antidrought work with the long-term construction of water conservancy facilities to make agricultural production more capable of resisting disasters.

In conclusion, Jiang Chunyun emphasized: The key to success in the antidrought struggle lies in leadership. Party committees and governments at all levels should regard antidrought work as the central work above everything else in rural areas. Their top leaders should attend to it personally and devote energy and time to it.

Attending the conference were provincial leading comrades, including Ma Zhongcai, Li Wenquan, Han Xikai, Dong Fengji, Liang Buting, Wang Shufang, Lu Maozeng, as well as Song Yimin and Zhu Qimin; and responsible comrades of the Jinan Military Region, the provincial military district, and the various departments directly under the province.

Shandong 'Grateful' for Rainfall; Drought Eases

OW1007092592 Beijing XINHUA in English
0837 GMT 10 Jul 92

[Text] Jinan, July 10 (XINHUA)—Shandong Province in east China has been grateful for nearly 20 hours of rainfall which has eased the current serious drought plaguing the province for over 50 days.

Beginning yesterday and lasting to this morning, Shandong had rainfall in many areas.

According to the meteorological department of the province, the precipitation in the northwestern, central and southwestern parts of the province is between 10 and 30 millimeters, and nine counties and cities were hit by heavy rain. The dry situation is alleviated to some extent.

According to statistics, the province has mobilized over 15 million laborers in the anti-drought fight to rescue

crops on over 200,000 hectares of farmland and protect crops on over 260,000 ha of farmland.

Since the middle of May, Shandong has had continuous high temperatures and over 466,000 ha of farmland were hit by a serious drought. Some cities have faced water supply problems.

The meteorological department predicted that the province will have more rain in the middle of July. That would further help ease the drought in the province.

Shanghai Secretary on Quickening Reform, Opening

HK0807140292 Beijing LIAOWANG in Chinese
No 19, 11 May 92 pp 7-8

[Article by staff reporter Chan Maodi (7115 3029 1717): "Quicken Pace of Shanghai's Reform, Opening Up, Development—Interview With Wu Bangguo, Secretary of Shanghai Municipal CPC Committee"]

[Text] Before and after the Spring Festival this year, Comrade Deng Xiaoping made an inspection tour of Shanghai. At the end of last year and the beginning of this year, leading comrades of the party Central Committee and the State Council also came to Shanghai one after another to inspect work. While fully affirming all fields of endeavor in Shanghai, they set new and higher demands on it. Comrade Xiaoping said: "Shanghai now has all the necessary conditions to work a little faster. Shanghai has marked advantages in terms of talented people, technology, and management, and it can serve as an example to a large part of the country." He expressed the hope that Shanghai people would "further emancipate the mind, be bolder, and take a faster step." What should we do to implement the series of important instructions to Shanghai by Comrade Deng Xiaoping and the leading comrades of the party Central Committee and the State Council, seize the current favorable moment to further emancipate the mind, accelerate Shanghai's economic growth, and quicken the pace of developing and opening Pudong? In an interview with this reporter, Wu Bangguo, secretary of the Shanghai Municipal CPC Committee, talked freely about his views.

Seizing the Opportune Moment To Develop Shanghai Is the Common Aspiration of the People of the Whole Municipality

[Chan Maodi] Will you please brief me on the current situation of reform and opening up in Shanghai?

[Wu Bangguo] The central leading comrades and the revolutionaries of the older generation set demands on us and expected us to emancipate minds and seize the opportune moment to quicken the pace to develop Shanghai. This is also the common aspiration of the 13 million people of Shanghai. The current situation of reform, opening up, and construction in Shanghai is gratifying.

First, the pace of Pudong development has markedly accelerated. This is mainly manifested in three aspects: 1) The construction speed of infrastructural facilities has greatly accelerated. Construction of 10 new urban infrastructural projects in the New Pudong District as laid down in the Eighth Five-Year Plan has started in full swing, with an input of 14 billion yuan in capital. 2) The speed of importing foreign capital has greatly accelerated. By the first quarter of this year, the new district had approved 221 foreign-invested projects, with an agreed volume of \$420 million in foreign capital utilization and a total investment of \$1.045 billion. 3) The pace of developing three small key development zones has greatly accelerated. At present, the partition facilities [ge li she shi 7133 4418 6080 2457] for the Waigaoqiao Free Trade Zone have passed an appraisal by the General Administration of Customs and will officially go into operation; over 80 percent of the land in the partitioned zone, which covers 0.45 square km, has been leased. Large-scale construction for Jinqiao export processing zone and Lujiazui financial and trade zone have started.

Second, the slide in Shanghai industries' economic results have been curbed. The realized profits and taxes of local state-owned large and medium-sized enterprises listed in the state budget totalled 9.035 billion yuan last year, an increase of 1.5 percent over the previous year, and the target of "curbing the slide in one year" as put forward by the municipal party committee early last year was thus achieved.

Third, breakthrough headway has been made in Shanghai's urban construction. Last year saw the most invested funds, the fastest construction speed, and the largest number of completed projects in Shanghai since the founding of the republic. A total of 1.93 billion yuan was invested in urban construction last year, an increase of 50.1 percent over 1990, or 41 percent of the municipality's completed urban construction in the Seventh Five-Year Plan.

Fourth, Shanghai has accelerated the pace of reform and made smooth progress. Reforms of housing, pricing, financial structure, and enterprises have taken great strides. After approving the establishment of two joint venture financial companies at the end of 1990, the People's Bank of China again approved eight foreign-funded banks of Japan, France, and the United States to set up branch offices in Shanghai; after the establishment of the Shanghai Securities Exchange at the end of 1990, the bank again approved the open issuance of various enterprise bonds and stocks amounting to over 2.5 billion yuan, an increase of 76 percent over the previous year. The transaction volume of various securities exceeded 12.6 billion yuan, doubling and redoubling the previous year's figure. At the end of last year, Shanghai took the lead in successfully issuing abroad 100 million yuan worth of special shares in Renminbi denomination (namely, B shares). It is oversubscribed by overseas investors by 200 percent.

[Chan Maodi] Given the current situation, can Shanghai work a little faster?

[Wu Bangguo] Viewed from the favorable opportunity faced by Shanghai in the 1990's, I think Shanghai has all the necessary conditions to work a little faster in reform and development.

Comrade Xiaoping recently talked to us in Shanghai about the issue of developing Pudong. After hearing our reports, he earnestly said: For you in Shanghai the 1990's is the last chance you must not let slip.

On the issue of opportunity as put forward by Comrade Xiaoping, our understanding is this: In addition to the fairly good international and domestic environments, which are common to all provinces and municipalities across the country, the 1990's also represents a special opportunity to Shanghai. This is mainly manifested in two aspects: First, the strategic policy decision made by the party Central Committee and the State Council on developing and opening Shanghai's Pudong has defined the development of Pudong as the focus of the nation's opening and development in the 1990's and this has pushed Shanghai into the forward position of the nation's opening up to the outside world; second, the central work conference held last September regarded improvement in large and medium-sized state-owned enterprises as a strategic focus of deepening the reform, and this naturally made Shanghai, which has a large number of large and medium-sized enterprises, stand in the forward position of the country's in-depth reform in the 1990's.

The opportunity of developing and opening Pudong has not only made Shanghai the strategic focus of China's opening to the outside world in the 1990's but also attracted a large number of foreign investors and set off a growing "Pudong fad" in the country. In the past two years, various central ministries and fraternal provinces and cities have come to Pudong to conduct inspection and hold talks. By the end of last February, there were over 170 investment projects in Pudong, with a total investment amount of 200 million yuan, and investments with definite intentions had reached 2.33 billion yuan. All major central banks have set up branches or branch offices in Pudong. There are currently 12 Chinese-funded financial institutions in the New Pudong District and, during the Eighth Five-Year Plan, they are expected to provide the district with 25 billion yuan in funds, of which the loan in fixed assets may reach 10 billion yuan.

[Chan Maodi] Then, what specific measures will Shanghai take to seize the favorable opportunities and quicken the development pace?

[Wu Bangguo] In concrete terms, there are mainly two aspects. First, we shall grasp opening up to the outside world with the development of Pudong as the focus. Second, we shall grasp comprehensive coordinated reform centering on improvement of large and medium-sized enterprises.

In opening wider to the outside world, we should do a good job of three important matters:

- Accelerate the construction of infrastructural facilities to improve the investment environment. Now that the source of construction funds has basically been fixed, an important thing is to get the funds as quickly as possible and use them well and flexibly to speed up the process of building infrastructural facilities. Meanwhile, in light of the practical conditions in Shanghai, we should make great efforts to improve the soft investment environment by further amplifying various policies and statutes and raising work efficiency and management level to standardize economic activities and conform to international practice.
- Expand the competence of district, county, and bureau in utilizing foreign capital. Recently, we decided to delegate the right to examine and approve projects for the nonrestricted use of foreign capital below \$5 million to district and county governments and specialized bureaus. The key to delegating power to lower levels is to genuinely put it into effect and to correspondingly delegate the supporting right to examine and approve planning, land, and environmental protection to lower levels.
- Energetically use foreign capital to transform old enterprises. It now seems that using foreign capital to carry out technological transformation and upgrade products is an effective way. In developing high and new technology industry, we should also boldly take the road of setting up joint ventures.

In improving large and medium-sized state-owned enterprises, apart from further implementing enterprise decisionmaking power and changing internal operation mechanisms, we should, in the field of comprehensive coordinated reform, concentrate on achieving the following four reforms well: Thoroughly carry out reforms of the labor, wages, and social insurance systems; energetically and prudently advance pricing reform; carry out, in a planned and systematic way, financial reform with expansion of stocks and bonds as the main content; and deepen reform of the housing system.

Emancipate the Mind, Dare To Innovate and Blaze New Trails

[Chan Maodi] Comrade Xiaoping said it is necessary to emancipate the mind more fully. What do you think Shanghai should do in the way of emancipating the mind?

[Wu Bangguo] Reform is aimed at liberating the productive forces. In deepening reform, we should first emancipate our minds. As long as we are sure that it helps develop the productive forces of the socialist society, improve the overall national strength of the socialist country, and raise the people's living standard, we should be bold in putting it into practice and dare to make experiments. Do not be afraid to make mistakes, which should be corrected if there are any. Judging from

the practical conditions in Shanghai, we should make clear some guiding ideas in our concrete work.

First, we should be bold in making innovations and blazing new trails. We should dare to assault and break with outmoded conventions and bad customs which have been proved in practice to have seriously fettered the development of productive forces. We should be prepared to straighten this out; pay close attention to solving obstructions in terms of ideology; give scope to enthusiasm, initiative, and creativity in work; and make a real effort to do things as they should be, namely, doing new things in a new way, doing special things in a special way, and doing urgent things urgently. The practice of following the beaten path, sticking to conventions, acting in a dilatory way, and casting glances about can only bungle socialist undertakings.

Second, we should foster an overall point of view and persist in playing the "Chinese card." We should closely center around economic construction, which serves as the center, and be subservient to and serve the overall situation of invigorating Shanghai and developing Pudong rather than each acting in his own way. We should persist in playing the "Chinese card" and the "world card;" all ministries of the central government and all fraternal provinces and cities are sincerely welcome to come to Shanghai to jointly develop Pudong and effectively attract foreign businessmen to invest and set up enterprises in Shanghai. The way to rejuvenate Shanghai is to gather thousands of businessmen in Shanghai.

Third, we should establish the concept that "science and technology are the primary productive force" and genuinely shift economic construction onto the track of relying on scientific and technological progress and improving the quality of laborers.

Fourth, we should be bold in selecting and promoting to posts at all levels a large number of cadres who can comprehensively implement the party's basic line, who dare to blaze new trails and take responsibility, who have both ability and political integrity, and who have lofty ideals, moral integrity, education, and a sense of discipline, so as to ensure the smooth progress of reform and opening up. In selecting and promoting cadres, we should not demand perfection, nor should we punish them for small errors. We should not use the rigorous standards of practicing the product economy to judge cadres' work, ideas, and work style given the background of developing the socialist commodity economy and of reform and opening up. We should be bold in selecting, promoting, and training young and middle-aged cadres who are widely recognized as resolutely implementing the party's basic line, adhering to reform and opening up, and scoring achievements in their official careers.

Reviewing the process of Shanghai development since the founding of the PRC, I profoundly feel that Shanghai's opportunity and conditions in the 1990's are the

best in history. We should take advantage of the opportunity of studying the spirit of Comrade Deng Xiaoping's important talks and the full session of the Political Bureau of the CPC Central Committee to seize the rare chance and write a new chapter in the history of rejuvenating Shanghai and developing Pudong.

Land Leasing Continues To Spread in Shanghai

OW1007093092 Beijing XINHUA in English
0830 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—The practice of leasing land in Shanghai, China's leading manufacturing center, has spread from the Pudong New Area east of the Huangpu River to the downtown districts and suburbs on the western bank of the river.

In the first half of this year Shanghai leased out 29 tracts of land—18 of them in the downtown area—as against only 13 leasing deals in the previous four years.

The city's suburban counties are also leasing land. On July 7 Jiading County leased three plots to Hong Kong villa construction companies.

The Zhejiang Dongcheng Real Estate Development Company has obtained the land use rights to a plot in Shanghai's Pudong Avenue. This makes it the first among Shanghai's neighbors to participate in the city's real estate development.

Meanwhile, a Hong Kong businessman has obtained the 70-year use rights to a piece of land by Xingguo Road for private gardens and homes.

Shanghai To Focus on High-Tech Telecommunications

OW1007054692 Beijing XINHUA in English
0513 GMT 10 Jul 92

[Text] Beijing, July 10 (XINHUA)—The Shanghai Municipal Government has decided to turn the high-tech telecommunication industry into its second largest industry only after the auto industry, the "PEOPLE'S DAILY" reported today.

Recently, the municipal government promulgated nine preferential policies to promote the development of the high-tech telecommunication sector.

By the end of last year the sector had realized 1.4 billion yuan in output value. The figure is expected to reach five billion yuan by the year of 1995.

Shanghai Paper Discusses Changing Mind-Sets

OW1007110292 Shanghai JIEFANG RIBAO
in Chinese 6 Jul 92 p 1

[Article by Ji Fangwen (0679 2455 2429): "On 'Changing Mind-Sets'"]

[Text] Recently, our fellow countrymen have been arguing about "changing mind-sets." The idea of

"changing mind-sets" which was put forward by Comrade Deng Xiaoping not long ago during his inspection tour of the Shoudu Iron and Steel Company has inspired leading cadres on various fronts, as well as party and governments leaders at all levels across the country to further emancipate their minds, change their mentalities, accelerate the pace of reform and opening to the outside world and speed up economic development.

"Changing mind-sets" is a way of speaking in terms of images about further emancipating our minds. It calls upon us to be brave in breaking through the shackles of backward conventional ideas and the force of habits, and be adept at proceeding from practicality while striving to explore and forge ahead. As we are aware, emancipating the mind and changing our mentality is a very important principled guideline since the Third Plenary Session of the 11th CPC Central Committee. Over the past more than 10 years, the fact that we have been able to correctly sum up our historical experiences, formulate new lines, principles and policies, and create and establish a socialist path with Chinese characteristics is purely because of our relying on emancipating the mind and changing our way of thinking. It can be said absolutely that without emancipating the mind and changing our mentality, it would hardly be possible to carry out all our work, more so to bring reform and opening, as well as economic development, to a new level. Only when the mind is emancipated and revitalized will our mental vision be broadened, and our approach of considering a problem be enlarged; and only then will more alternatives and wider avenues be opened to us, be it in developing a new undertaking, entering a new field of venture, or discovering and selecting qualified personnel, or in surmounting all the difficulties and obstacles in our way. Hence, emancipating the mind and changing our mind-sets is a magic weapon, one that enables us to constantly maintain our zeal and vitality; it needs to be sustained over a long period of time and be carried forward for the good in the entire course of deepening reform, opening to the outside world, and accelerating economic development.

For the moment, what mainly is to be changed in changing our mind-sets? Basically, it calls on us to replace our traditional planned economic ideas with socialist market economic ideas. This has been decided by the basic task in reform. The key issue in our reform lies in basically reforming the existing economic system that has fettered the productive forces, and in establishing a new economic system which is full of vigor and vitality. What we have practiced over a long period in the past is a highly centralized planned economic system. Although the system has played its specific role in the past, it harbors the evils inherent in overcentralizing powers, and the shortcomings of neglecting or even rejecting the role of the commodity economy and markets. For this reason, it has become increasingly incapable of adapting to the demands of the development of modernized production. Therefore, it is imperative for us to change this highly centralized planned economic

system once and for all, and seek to establish a new economic system that will enhance productive forces. As far back as November 1979, Comrade Deng Xiaoping had clearly stated: It is incorrect to say affirmatively that a market economy is suitable to capitalist society, and a capitalist market economy only. Why is it that socialism cannot get involved in a market economy? Over the past decade or more, it is the very introduction of market mechanisms into our economic life that has infused renewed vigor and vitality into the socialist economy in our country, and has played a prominent role in speeding up economic development. Facts have shown that markets are an effective means for disposing resources and providing the impelling force. We must discard our one-sided understanding and prejudice towards markets, and quicken the establishment of a new economic system based on the socialist market economy. Doubtlessly, this deep reform from a planned economy to a socialist market economy, and this kind of transformation of the social operating mechanism are bound to give rise to profound changes in economics, politics, society, science and technology, culture and other fields; they are also bound to bring about important changes in people's behavioral norms, lifestyles, consciousness, values, and sense of right and wrong. Whoever is conservative and sticks to conventions, and whoever takes the position of not being subject to change will be eliminated by the vital market economy; not to speak of those standing at the forefront of reform and pushing society forward. In this context, when reform and opening to the outside world are moving to a deeper level and undertaking the highly arduous task of attacking heavily guided positions, the idea of "changing mind-sets" put forward by Comrade Deng Xiaoping has become a clear-cut stand for achieving a new mental emancipation while carrying out reform in an economic system. We must firmly grasp the crucial and overriding issue of the socialist market economy to "change our mind-sets," emancipate the mind, renew our thinking, and pave the way to a new situation with a new thinking.

We should change our practice of "sitting around and waiting for arrangements to be made by higher authorities" to a practice of "taking the initiative in opening new situations." For many years we have been accustomed to sitting around and waiting for arrangements and policies to be made by higher authorities. If no arrangements were made, we would just sit and wait, and we would only do what existing policies allowed us to do. This is a bad habit formed over long years of practicing a planned economy. Because of this habit, we lack an independent spirit, the main component of a market system, and we lack the pioneering spirit or the "adventurist" spirit which is part of a market economy. As a result, we let one opportunity after another slip away. In fact, a market economy is a natural "region of equality." Market opportunities provide no partiality toward anyone. We cannot simply rely on "arrangements from higher authorities" and "preferential policies." We must blaze new trails and "take chances" by relying on ourselves. The "time difference" with regard to preferential

policies for the Pudong New District is almost nonexistent now as the coastal areas, areas along the Chang Jiang, border areas, and hinterland areas are fully open to the outside world. If we continue to "extend our hands" in asking for something or waiting for more preferential policies to be handed down, we will miss good opportunities; this will result in a new round of backwardness on our part. In fact, those areas with advanced thinking that have made headway in reform and opening to the outside world have always disdained the idea of "waiting for something, relying on something, and asking for something." Take, for example, Shunde County in Guangdong Province. In the 1980's it could not enjoy policies enjoyed by special economic zones [SEZ's] such as Shenzhen, Zhuhai, and Shantou, but it did not lag behind these SEZ's in developing a market economy. Even today, Shenzhen still needs to learn from Shunde. Daqiuizhuang, known as the "Shenzhen of the north," is another example. Although it had no clearly defined policies like those of an SEZ or an economic technological development zone, this did not stop it from developing a market economy and earning the laurel of "Shenzhen of the north." Therefore, the concept of a market economy is far more effective than "waiting for something, relying on something, and asking for something." In the new market economy environment in which policies are equal and competition exists, the people of Shanghai must work hard, dare to blaze new trails, dare to take risks, dare to experiment, and dare to break from the shackles of bad customs and habits if they want to cast off the idea of "waiting for something, relying on something, and asking for something." They must also act in this way if they want to shake off the illusion of "relying on something for success," or if they want to truly rely on themselves in achieving success.

We should transform the mind-set of "seeking stability for fear of chaos" to one of "providing guidance after delegating power." The development of a socialist market economy is a process of breaking the shackles of the old system and fully developing the productive forces. During this process, new situations and new problems which have never been encountered under the old system are sure to emerge. For example, we are now giving free rein to the development of various types of markets, especially the development of stock markets. Some turbulence and conflicts are inevitable when tens of thousands of stock holders are embroiled in the giant tide of stock exchange. Furthermore, we have delegated more power to districts, counties, and enterprises. When policy decisions and investments result in the emergence of countless independent commodity producers and dealers, each one of them will be able to show his or her prowess. Some comrades worry that this will result in "chaos." In fact, those comrades who view the momentum of development and competition under market conditions as "chaos" are still looking at problems from the traditional viewpoint of a planned economy. These comrades do not understand that letting a hundred flowers blossom means the emancipation of

the mind and that different forms of competition are normal in a market economy. It is true that the situation in which all minds are working to achieve the greatest profits is more difficult to control than the rigid situation in which all have to obey the orders of one mind. Under these circumstances, it is unavoidable, and also normal, that some "chaos" may occur. In the operation of a lively market economy, imbalance is absolute, but balance is relative. A special feature of a socialist market economy is the optimum distribution of resources and production factors. We should rely on a market economy—an invincible hand—to control "chaos," and we should rely on the law of value—a university—to educate the people. We should not rely on administrative orders to control "chaos," nor should we rely on restoring the old order of a planned economy to control it. We should act according to the law governing the development of a market economy and establish a new order for a socialist market economy. This in itself is a process of "providing guidance after delegating power." This means that the delegation of power should come before providing guidance and that the purpose of letting guidance promote the delegation of power is to make sure that this job is done well. We must never "seek stability for fear of chaos" and suppress "the delegation of power" with guidance. To set up many kinds of restrictions will consciously or unconsciously stifle the vitality of a socialist economy.

For Shanghai to become a true "dragon head" [pace-setter] [long tou 7893 7333] in the new round of reforms in China in the 1990's, we must overcome the fear of being a "leading bird" [pioneer] [chu tou niao 0427 73337680] and trail-blazer for the entire country. The market economy worships only winners—people who obtain "initial profits" through drawing up comprehensive plans beforehand, and from daring to think and do things ahead of others. In the late 1970s and early 1980s, Anhui's Chuxian Prefecture—especially Fengyang County—was the bold "leading bird" which introduced to rural areas the "household contract responsibility system linking remuneration to output," thereby winning initial profits in developing the commodity economy in the countryside. In the first half of the 1980's Jiangsu's Suzhou, Changzhou, and Wuxi Prefectures—acting boldly like a "leading bird"—developed village and township enterprises, advancing full steam ahead as a new force suddenly standing out from the mushrooming village and township enterprises, and thus winning "profit through taking the offensive." In the course of restructuring the urban economy in the 1980's, the special economic zones in the south—with Shenzhen as its representative—acted courageously like a "leading bird" in developing an "export-oriented" economy, blazing a new path for "importing energy as well as raw and semi-finished materials from and importing finished products abroad," thereby freeing the economy from the constraints of a changing domestic macro-economic environment and winning initial profit in opening up to the outside world. These facts testify that whoever takes a head start will have an edge in market competition.

Conversely, "eschewing what is given by Heaven will invite misfortune; failing to meet the call of the times will mean being burdened by the times." When conditions are ripe, whoever fails to act as a "leading bird" will have to carry the heavy burden and will turn a good thing bad. That Shanghai must be a pace-setter for the entire nation is neither a self-imposed demand nor an idea conceived by someone else. Shanghai is pushed into being a "dragon head" under the new situation in the 1990's of deepening reform and opening up wider to the outside world. This is dictated by Shanghai's geographical location—which, at the point where the river meets the ocean, fans out in two directions to both the country and the world—as well as by its advantages in science and technology, in talented people, in managerial expertise, and in funds. This is the chance of a lifetime for Shanghai, and will be our "last opportunity" if we fail to grasp it promptly. We must emulate and draw reference from the fearless spirit of the aforementioned "leading birds," must constantly enhance the awareness of and strengthen the functions of the "dragon head," and must make the best use of favorable conditions, while avoiding the unfavorable, so as to stage a lively play on the grand arena of the socialist market economy. To this end we must deepen reform; open up wider to the outside world; accelerate the pace of development; "combine Pudong with Puxi for pushing all of Shanghai;" and strive to be the national leader in banking, communications, trade, information, and the tertiary industry. Meanwhile, we should also work out comprehensive plans for complementing our advantages with those of the Changjiang Delta and the river valley, and should closely cooperate with them for bringing into true play Shanghai's role of "radiating out in the two directions."

We must change the small-scale mind-sets of "small citizens, small workshops, and small children" into a broad vision for pondering cardinal issues, for mapping out grandiose plans, and for taking essential measures for practicing a large-scale economy. The "three small's"—criticisms made by comrades of some provinces and municipalities—deserve our attention. The so-called "small citizens" are simply people with the mentality of believing themselves secure, thus lacking the courage to take risks; they stick to convention, lack creativity, fail to break outdated customs and habits, and dare not take risks. The so-called "small workshops" refers to the mentality of developing the economy in a small yet boisterous and comprehensive way; devoid of the strength of large-scale production and division of labor, such a short-sighted mentality stresses self-sufficiency and small calculations, but lacks a long-range view for large-scale circulation and exchange in market competition. The so-called "small children" refers even more to people with a mentality similar to blind complacency. They stand still and refuse to make progress, being content with "taking small steps and making small progress each year," thus lacking lofty aspirations and not daring to scale new heights and accelerate the development. In the final analysis, the "three small's" are the

habitual forces for the natural economy and small-scale production which has been developed and strengthened under the system of a planned economy over a long time. They are incompatible with behavioral norms, concepts, and mentality of the market economy based on modern large-scale production. Throughout history Shanghai was called "large Shanghai," the "large" referring to its market. The broad vision, grandiose plans, and essential measures we have discussed in this article calls for efforts to create a large market which embraces the means of both production and subsistence—as well as banking, real estate, labor service, talented people, and other production elements—in a bid to make Shanghai a real financial and trade center on the western coast of the Pacific. This calls for efforts to establish large-scale circulation radiating in two directions—to the Changjiang Valley and the rest of the country as well as to the outside world—in a bid to make Shanghai the real "dragon head" for economic development of the entire Changjiang Valley, as well as China's major showcase for opening up to the outside world in the 1990s. This also calls for efforts to structure a large-scale economy with highly developed primary, secondary, and tertiary industries—especially banking, trade, communications, and information—thereby bringing into genuine play Shanghai's comprehensive functions as a key city. To make Shanghai the "late comer surpassing the old-timers," the most urgent task at present is to change mind-sets and transform the way of thinking. Grandiose plans with long-range vision and essential measures for Shanghai's reform and opening up, based on a marketing system, must be mapped out for spurring a sustained two-digit growth of the municipal economy, and for striving to surpass Singapore in terms of gross production before the end of this century.

In appointing cadres, we must change the criterion that "a cadre who does not make mistakes is a meritorious cadre" into "a cadre who does not contribute is one without merit." The criterion that "a cadre who does not make mistakes is a meritorious cadre" is in fact a reflection of small-scale production under which everyone goes to work at sunrise and comes home to rest at sunset, and under which everyone considers himself secure and closed to the outside world. This criterion is incompatible with the demand of the market economy for a determined pioneering spirit to achieve progress and take risks. Market competition is like a boat sailing against the current. In the turbulent current, the boat must bravely forge ahead or it will be driven back. Therefore, in evaluating cadres according to the criterion for the market economy, we must measure them on the basis of their initiative, creativity, and pioneering spirit—they must constantly make innovations and must advance. In this market, those who are outstanding will prevail, and those who are not will be eliminated. Officials must be dismissed who fail to perform meritorious service for the local people, who fail to change outdated practices during their long tenure, and who languidly inherit and copy practices from predecessors without making improvements. Furthermore, market

economics is like a vast ocean full of rapidly changing turbulent waves. Therefore, in backing cadres to undertake reform, we should permit mistakes. If a mistake is made, it will be fine so long as the mistake is mended. We should permit mistakes in market competition, but we cannot permit failure to act, to break new ground, and to compete. Failure to act, to break new ground, and to compete will be our biggest mistake as well as a failure. We should go all out to boldly promote cadres who dare to compete, who break new ground, who effect changes, and who open up a new situation in market economics; even if they make mistakes, we should promote them so long as they are loyal to the party and the people, and are without selfish interests. The people will not be satisfied with cadres who have neither merits nor demerits, who remain content with the present condition, and who muddle along; if they fail to achieve breakthroughs, their performance is not satisfactory, even though they may be faultless in other aspects. We should cherish cadres who dare to take responsibility and break new ground. We should foster an atmosphere in the party under which we cannot let those who watch find fault with those who act, distracting the attention and consuming the energy of people who really work hard. More importantly, we cannot allow those who watch to attack those who act. We should protect talented people in market competition. It is easy to assemble 1,000 soldiers, but difficult to find a good general. Since market economics is a battlefield, we must not execute a general for minor demerits.

Fourteen years ago, at the Third Plenary Session of the 11th CPC Central Committee, Comrade Xiaoping called upon us: "It is hoped that party committees at all levels and all party branches" "will carry out work to facilitate the emancipation of the mind and the use of the brains of the masses." Today, as Comrade Xiaoping once again uses "changing mind-sets" to summarize the call for "further emancipation of the mind," the connotation and extended meaning of "changing mind-sets" is undoubtedly more penetrating and all-embracing than "using brains." Let us emancipate our mind, change our mind-sets, have a free hand, and boldly try and break new ground to greet the convocation of the 14th CPC National Congress with a brand new mental state and solid achievements in work!

Zhejiang Firms, Institutions Strengthen Ties

OW1007093992 Beijing XINHUA in English
0851 GMT 10 Jul 92

[Text] Hangzhou, July 10 (XINHUA)—The Hangzhou City University in east China's Zhejiang Province has listed over 100 scientific results for local rural enterprises.

The university has entered into 19 cooperative projects with a number of rural enterprises, according to a report on recent talks between technological and rural enterprises and the university.

In January 40 enterprises in the machinery sector signed more than 60 agreements with Zhejiang University.

To strengthen development of high-tech projects, local enterprises in Huzhou City in the province have established technological cooperation ties with 50 education institutions throughout China.

The Shanyu blower factory in Shaoxing City has linked up with Shanghai Jiaotong University to jointly develop 300 products, some of which have won provincial prizes.

In the past three years, the output volume from the new products increased by 30 million yuan.

Higher education institutions have emphasized the development of scientific and technological research for the rural industry and have set up five science and technology development centers.

Zhejiang Quickens Pace in Using Foreign Funds

*OW1007100192 Beijing XINHUA in English
0918 GMT 10 Jul 92*

[Text] Hangzhou, July 10 (XINHUA)—East China's Zhejiang Province has quickened its steps in using foreign funds and achieved marked progress this year.

According to statistics, from January to June of this year, the province approved 519 foreign-funded enterprises involving a total investment of 330 million U.S. dollars, respectively a three and 4.4 times increase over the same period of last year.

At present the province has set up six zones using foreign investment. They are the Ningbo and Wenzhou economic and technological development zones, Hangzhou High-Tech Development Zone, Hangzhou Tourist Holiday Zone, investment zone special [as received] for investors from Taiwan, agricultural development zone, and Ningbo Beilun Bonded Zone.

After several years' efforts, the basic facilities in the province have been greatly improved.

The province has installed automatic telephones for direct dialing to 195 countries and regions and 1,022 domestic cities, built up five airports and 50 ports with 24 10,000-ton-berths, and also improved highways and railways.

In 1991, the total power output in the province reached 24.23 billion kwh.

The provincial authorities have also paid more attention to improving services in order to receive more foreign investors.

Central-South Region

Guangdong Private Firms Resume Various Operations

*HK0907012792 Hong Kong CHING CHI TAO PAO
in Chinese No 25, 29 Jun 92 p 12*

["China Economic News" article: "Guangdong Again Allows Privately Run Enterprise To Assume Operations Related to 'Processing With Supplied Materials, Drawings, and Samples; Assembling With Supplied Parts; and Compensation Trade'"]

[Text] Recently, the Guangdong provincial government issued documents of instruction to again allow privately run enterprises to assume operations related to processing with supplied materials, drawings, and samples; assembling with supplied parts; and compensation trade.

The provision concerned is: For privately run enterprises assuming operations related to processing with supplied materials, drawings, and samples; assembling with supplied parts; and compensation trade, items with a total amount of foreign investment of \$300,000 or less, as stated in the agreements (contracts), will be examined and approved by the Guangzhou City Foreign Economic Relations and Trade Commission; while items over \$300,000 will still be examined and approved by Guangdong Provincial Foreign Economic Relations and Trade Commission.

According to information presented, as early as 1988, the "Interim Regulation of the PRC on Privately Run Enterprises" issued by the State Council has stipulated in explicit terms: Privately run enterprises can, in accordance with the law of the state and stipulations of laws and regulations, cooperate with foreign companies, enterprises, and other economic organizations or individuals in running Chinese-foreign joint ventures and can assume operations related to processing with supplied materials, drawings, and samples; assembling with supplied parts; and compensation trade. In 1989, acting on this basis, Guangdong issued an interim regulation to encourage privately run enterprises in the province to assume operations related to processing with supplied materials, drawings, and samples; assembling with supplied parts; and compensation trade. Later, however, because some problems arose in certain areas in Guangdong, the Guangdong provincial government issued a document, stipulating that as far as privately run enterprises assuming operations related to processing with supplied materials, drawings, and samples; assembling with supplied parts; and compensation trade were concerned, operations already started were allowed to be handled up to complete fulfillment of contracts, while new items must be examined and approved by the Guangdong Provincial Foreign Economic Relations and Trade Commission. Consequently, privately run enterprises assuming these operations were confronted with some problems. Now, in response to various areas' requests, the Guangdong provincial government allows these operations to resume.

Guangdong Enterprises Establish Overseas Ties

HK1007010792 Hong Kong ZHONGGUO TONGXUN
SHE in English 1258 GMT 9 Jul 92

[Text] Guangzhou, July 9 (HKCNA)—Since the implementation of reform and the open door policy, professional foreign trade companies, industrial enterprise groups, comprehensive international groups, industry and trade companies, catering service enterprises and those equipped with new high technology in Guangdong Province have one after the other set up trade or non-trade enterprises overseas, according to the Guangdong Foreign Economic Relations and Trade Commission. Such overseas enterprises have proceeded at a faster pace, rising from 337 in 1989 to a present 538 and accounting for over a quarter of the country's overseas enterprises and showing development at a quicker speed than developed countries.

Such enterprises have four significant characteristics. First, most of them are trade-oriented and among the 500 and more overseas enterprises, 15.7 percent are industrial companies, 72.5 percent trade companies, 7.8 percent transport enterprises and 3.9 percent others. Overseas enterprises set up by professional foreign trade companies make up 56.8 percent of the total, with trade-oriented enterprises accounting for 52.9 percent.

Second, the great majority, or 76.4 percent of overseas enterprises are concentrated in Asian countries and regions and of these 62.7 percent are in Hong Kong and Macao. Europe has a mere 3.9 percent of overseas enterprises, America 15.9 percent and Africa 3.9 percent.

Third, the scale of business undertaken by these enterprises tends to be small. Except for a handful of the province's large overseas enterprises including Guangdong Enterprises (Holdings), most enterprises are generally small in scale. The number of employees for 94.1 percent of overseas enterprises is not more than 20 while some appear to be "small shops run by a husband and wife". Overseas enterprises registering an annual turnover of less than U.S.\$5 million each make up 37.3 percent while 47.1 percent registered a business value ranging between U.S.\$5 million and 10 million each.

Fourth, the majority of enterprises overseas make a profit but this is small in value. About 64.7 percent of overseas enterprises ran at a profit while the proportion of profit-making enterprises among industrial and trade companies was 76.9 percent and 55.2 percent for professional foreign trade companies and 77.8 percent for other kinds of companies. Overseas enterprises with an annual profit of under U.S.\$500,000 made up 51 percent while those earning U.S.\$1 million annually accounted for a mere 1.9 percent.

These statistics indicate that Guangdong achieved quite a lot of success in the development of its overseas enterprises in a relatively short space of time. Judging from the scale, types of industries and operation, all

these enterprises are at the budding stage in the process of internationalization and are yet to be developed.

Shenzhen To Boost Securities Market Development

OW0907102692 Beijing XINHUA in English
0822 GMT 9 Jul 92

[Text] Shenzhen, July 9 (XINHUA)—Shenzhen in Guangdong Province will boost the security market with legislative power given by the Standing Committee of the National People's Congress.

Shenzhen is China's leading special economic zone and the pacemaker in the national reform and open policy.

According to Zhang Hongyi, vice-mayor of the city, the opening of the security market last year has aroused the attention and interest of investors at home and overseas.

He encouraged bank workers to be bold in probing a way to develop Shenzhen into an international city and the financial center in southern China.

According to statistics, 26 types of stocks including 18 A-type stocks and eight B-type stocks are being traded on the Shenzhen security market, which also trades five types of bonds with a combined face value of about 50 billion yuan issued by enterprises.

The first six months of this year saw the city's volume of stock business total 17 billion yuan, an increase of 500 percent over the same period of last year.

Guangxi's Zhao Fulin Addresses Opening Conference

HK0907075392 Nanning Guangxi People's Radio
Network in Mandarin 1030 GMT 29 Jun 92

[Excerpts] A six-day regional work conference on opening up to the outside world concluded yesterday. [passage omitted]

Regional party committee Secretary Zhao Fulin delivered an important speech at the conference in which he analyzed the current situation across the region, briefed the participants on what he had seen and learned on his recent visit to Guangdong, and made arrangements for further studying and implementing Central Document No. 4, further emancipating the mind, and expediting reform, opening up, and economic construction.

All the regional leaders attending the conference also carried on conscientious discussions on three regional documents dealing respectively with the delegation of administrative powers to lower levels, the acceleration of foreign fund utilization, and the development of lateral economic associations. They also advanced useful views and proposals.

Liu Mingzu, regional party committee deputy secretary, presided over the conference's closing ceremony.

Cheng Kejie, regional party committee deputy secretary and regional people's government chairman, summed up the conference.

Cheng Kejie's concluding speech was divided into the following three parts:

1. Seizing the excellent opportunities at present and enhancing the sense of urgency. [passage omitted]
2. Further emancipating the mind and updating concepts. [passage omitted]
3. Working hard, forging ahead, and carrying out work in a down-to-earth manner and with real effort. [passage omitted]

Cheng Kejie concluded his speech by saying: The coming three years will be a crucial period in which we will make redoubled efforts to eradicate Guangxi's backwardness. The situation at the moment has provided us with many an excellent opportunity. The people have also placed high hopes on us. We must firmly seize the current excellent opportunities, join hands, make concerted efforts, work hard, and strive to accelerate Guangxi's development and push Guangxi's economic construction to a new stage at a better and faster pace. [passage omitted]

Building of Hainan's Yangpu Economic Zone Starts

HK0907073092 Haikou Hainan People's Radio Network in Mandarin 2300 GMT 26 Jun 92

[Excerpt] At 1145 on 26 June, the construction of infrastructural projects in the Yangpu Economic Development Zone, which covers 30 square km, formally started. This indicated that economic construction in Yangpu has opened up a new chapter and that Hainan's large-scale reform and opening has entered a brand new historical stage.

Mr (Chitian), director of the Kumagai Gumi Limited Company Hong Kong Branch, was the first person to address the ceremony to mark the occasion.

He said: Friends, we should like to extend heartfelt thanks to those who came to attend the ceremony inaugurating the construction of infrastructural projects in the Yangpu Economic Development Zone, which covers 30 square km, funded by our Kumagai Gumi Limited Company Hong Kong Branch. At present the land around us is covered by grass but it is on such a land, Yangpu in Hainan, that we are to build an economic development zone through concerted efforts of China, Japan, and Hong Kong. The project was a dream before, but the dream has come true today.

(Lin Minyu), a leading Hainan government official, rushed to the construction site. He said gladly: [Begin recording] The formal start of construction projects in the Yangpu Economic Development Zone indicated that Hainan's opening and economic construction has entered a new stage. [Words indistinct] and leaders of the

provincial government have attached great importance to construction projects in the Yangpu Economic Development Zone. On behalf of the provincial government, I should like to warmly hail the start of construction projects in the Yangpu Economic Development Zone. [end recording]

The Yangpu Economic Development Zone, which is located on Hainan's western coast, is presently China's biggest project for developing a whole stretch of land funded by the Yangpu Development Zone Investment Group Company headed by Kumagai Gumi Limited Company Hong Kong Branch. The zone covers 30 square km of land. This brand new development pattern conforms to international practice. The projects has attracted public attention in Hainan, in other parts of China, and in the world. The construction and development of the Yangpu Economic Development Zone will breathe new life into Hainan, a young province. [passage omitted]

Hubei's Guan Guangfu on Rural Party Committees

HK0707090392 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 29 Jun 92

[Excerpts] This morning, the provincial party committee held a report meeting in Wuchang, at which a total of 10 advanced township and town party committees had silk banners and certificates of merit conferred on them. [passage omitted]

The provincial party committee called on party organizations at all levels across the province to learn from the 10 advanced township and town party committees, further emancipate the mind, brace up, bravely forge ahead, carry out work in a down-to-earth manner and in real earnest, and strive to push provincewide economic construction to a new stage.

Provincial party, government, and military leading comrades, including Guan Guangfu, Wang Shen, Li Daqiang, Wang Zhongnong, Chen Ming, Shen Yinluo, Huang Zhenxia, and others, attended the report meeting and the title conferment ceremony, both of which were presided over by Li Daqiang, provincial party committee Standing Committee member and provincial vice governor.

Wang Zhongnong, provincial party committee Standing Committee member and propaganda department director, read out a provincial party committee decision on unfolding activities of learning from the 10 advanced township and town party committees. [passage omitted]

Provincial party committee Secretary Guan Guangfu delivered an important speech at the meeting in which he stated: The township and town party committees and governments are not only the grass-roots organizations of the party and the state but also an important economic management structure. They not only maintain direct and close contacts with cadres and masses at the grass-roots level and shoulder unshirkable responsibilities in handling routine rural work as well as influencing and

guiding the broad masses of people, but also shoulder the historic mission of implementing to the letter a series of party policies and principles on rural areas and guiding the broad masses of people to develop the rural economy and bring about a comfortably well-off livelihood. The conferment of silk banners on 10 advanced township and town party committees today is an important strategic measure taken by the provincial party committee to further step up township and town party committee building and seek to bring about a comfortably well-off livelihood in the rural areas. The party organizations at all levels across the province must conscientiously learn from the experiences of the 10 advanced township and town party committees in light of actual local conditions; look for shortcomings by comparing themselves with the advanced models; adopt measures to improve work; take practical measures to raise leading organ building at all levels to a new level; unify ideology and action on the part of party organizations and the broad masses of cadres at all levels with the spirit of a series of important speeches made by Comrade Xiaoping; and continually further reform, expand opening up, and quicken Hubei's economic development pace.

Guan Guangfu also put forth the following new requirements on all township and town party committees with a view to expediting rural economic development:

1. To cultivate a strong sense of historic responsibility and a strong sense of historic mission, and enhance the sense of urgency. [passage omitted]
2. To cultivate a guiding ideology of subjecting party building work to and making party building work serve economic construction.
3. To persistently and simultaneously grasp two aspects; work hard to create a favorable social environment; vigorously develop a socialized service system in the rural areas; actively readjust and optimize the existing rural industrial structure; step up the building of all types of development zones; develop pillar industries; set up and perfect an intensive operation system; speed up the on-going professionalization process; promote the integration of agriculture, industry, and commerce; comprehensively develop primary, secondary, and tertiary industries; and vigorously develop a foreign exchange-earning agriculture, an ecological agriculture, a scientific and technological agriculture, and an efficient agriculture while simultaneously stabilizing the contract responsibility system on a household basis with remuneration linked to output. [passage omitted]
4. To further broaden their train of thought, become bolder, gradually accelerate township and town enterprise development, and further expand the collective economy.
5. To comprehensively implement a development strategy of integrating agriculture, science and technology, and education with an eye to comprehensively enhancing the provincial agricultural production capacity and efficiency. [passage omitted]

In conclusion, Guan Guangfu called on township and town party committees at all levels across the province to become ideologically ready to fight a protracted war in leading the broad masses of the people to develop the rural economy and bring about a comfortably well-off livelihood in rural areas, carry out work in real earnest and in a down-to-earth manner, and implement to the letter all reform measures capable of bringing about a comfortably well-off livelihood. [passage omitted]

Hubei Paper on Socialist, Capitalist Economies

HK1007094292 Wuhan HUBEI RIBAO in Chinese
11 Jun 92 p 4

[Article by Chen Shuxiang (7115 1859 4382): "Tentative Discussion on Logical Relations Between Socialist Economy and Capitalist Economy"]

[Text] At the end of the textbook *Capitalist Economics* edited by myself and published by Wuhan University Publishing House in September 1990, the following argument was set out: Logical relations exist between the development of the useful or healthy things in the capitalist economy and discarding useless or unhealthy things in the capitalist economy by the socialist economy. That is to say, the socialist economy both negates the capitalist economy (showing essential distinctions between them) and inherits the capitalist economy (showing their things in common).

Why should I say so?

I maintain that in analyzing the relations between the socialist economy and the capitalist economy, we can view them at three levels: 1) From the angle of the productive forces, they are economies built on the foundation of large-scale socialist production; 2) from the form of embodiment, they are both commodity economies; 3) from systems characteristics, the socialist economy is one in which ownership of the means of production by the laboring people and the principle of distribution according to work are pursued, whereas in the capitalist economy private ownership is pursued and a small number of people exploit the wage laborers.

Viewing them roughly, at the first two levels, the socialist economy retains or inherits the things that the capitalist economy has already had. The fundamental antagonism between them lies in the essential distinctions at the third level. However, this does not imply that these two kinds of economies are completely identical at the first and second levels and there is a relation of pure inheritance in these two aspects, whereas, at the third level, these two kinds of economies are absolutely contrary to each other and there is a relation of pure negation in this aspect. In fact, the socialist economy and the capitalist economy are organic wholes which contain three levels themselves and, in the three aspects, there are the relations of both negating and inheriting the latter by the former. Let us discuss these separately as follows.

1. Large-Scale Socialist Production Is Foundation in Common

The capitalist economy and the socialist economy are both built on the foundation of large-scale socialist production and they cannot, and certainly not for a long time to come, be built up on the foundation of small-scale decentralized production. Viewed from the general trend of development of human society, the change from small-scale decentralized production to large-scale socialized production is effected historically with the assistance of the centralization of capital, the means of production, and labor force and through the establishment of the capitalist system. However, the capital relations are fundamentally incompatible with the social nature of large-scale production. With intensification of the contradictions between private ownership of the means of production and large-scale socialized production, it is certainly necessary to eliminate the capital relations that hinder the development of the productive forces. Thus, socialism will inevitably come into being. Without large-scale socialized production, there is no capitalism, let alone socialism.

Since large-scale socialized production is the common foundation in both the socialist and capitalist economies, there are many things in common in the forms of production, including large-scale mechanized production, streamlined production, and modern automatic production lines, and in the forms of management, including scientific enterprise management and the macroeconomic planning measures adopted.

So far as regulating the economy as a whole by adopting planning measures is concerned, production in any society must be carried out by distributing total social labor (including the means of production and labor force) in definite proportions. This law is embodied in definite proportions that must be maintained among the production departments in the course of large-scale socialized production. This is extremely important with regard to whether or not large-scale socialized production can be carried out smoothly. For a very long period of time in the past, capitalism relied on the spontaneous role of the law of value, namely, the so-called "invisible hand," to regulate the distribution of total social labor. This resulted in an anarchy of social production, forming periodic economic crises and long-term economic stagnation, and unremittingly jeopardizing the existence of capitalism. Such a situation eventually compelled bourgeois countries to intervene in the economy, including the adoption of planning measures to carry out macroeconomic regulation. While adopting the method of planned regulation, contemporary Western capitalist countries created technical measures and economic measures. These methods can and should be applied and made use of by socialist countries. Restricted by capitalist private ownership, the capitalist countries surely have very great limitations of planned regulation in the aspect of the scope of functions and in the aspect of the binding force and, therefore, cannot fundamentally change the anarchy of production. An economic crisis

will unavoidably arise. The establishment of socialist public ownership makes it possible to maintain the proportion of production departments in a planned way and to maintain unremitting, steady, and coordinated economic development within the whole society.

In addition, although both the socialist and capitalist economies are all built up on the foundation of large-scale socialist production, fundamental distinctions exist in the aims of production of these two kinds of large-scale production and in the aspect of whether or not the laborers are treated as the masters of production and whether or not the laboring masses' enthusiasm and creativeness can be aroused.

2. They Are All Commodity Economies, Which Are Both Identical and Different

The socialist economy is still a commodity economy. This is a scientific conclusion drawn from several decades' practice of the socialist system and the summing-up of experiences and lessons.

Marx analyzed the theory put forward by the capitalist commodity economy mechanism as well as the history of the development of capitalism and told us that the commodity economy relationship was the economic relationship which enabled the economy to have vitality and efficiency and accelerated the development of the productive forces. In the past, capitalism relied on the universalization of the commodity economy relationship to create unprecedented productive forces and build up such a strong material and technical foundation as the large-scale mechanized industry. When we get to know the socialist economy, we must also see the important role of the development of the commodity economy in the aspect of speeding up the division of labor, enhancing efficiency, and further socializing production. Not only the development of the commodity economy is a stage that cannot be skipped over in building socialism in an economically backward country but also there are bright prospects for the development of the commodity economy even if the socialist economy has attained a high degree of modernization.

Since they are both commodity economies in form, they have common economic forms and economic laws. The socialist economy and capitalist economy are commodity economies built on the foundation of large-scale socialized production. Compared with the small commodity economy, both the socialist and capitalist commodity economies have more things in common. Aspects of economic life, such as currency, prices, wages, profits, competition, mergers, bankruptcies, stocks, bonds and debentures, markets, and market regulations, are not peculiar to capitalism and, likewise, can be used by socialism.

Where there is a commodity economy, there must be a market. Under the capitalist conditions, production factors must pass through the market and, as a regulatory

mechanism occupying a dominant position in the capitalist economy, the market mechanism affects and determines the disposition of production factors, namely, economic resources, and the readjustment of the relations between production and consumption and between production departments. Judging from the deep levels, it is the law of value that dominates everything. Viewed from the phenomenon of economic operation, it is the spontaneous strength of the market that controls the economic process. In the socialist commodity economy, the acquisition and flow of production factors, or of the right of use of production factors, and the sale of products must wholly or partially pass through the market. They also need the commodity market, capital market, labor service market, technology market, landed property market, and information market. The outcome of the competition between the producers and operators of commodities can also be seen on the market. Likewise, due to the manifestation of the role of its law of value and to its strong points, including objectiveness and sensitiveness, the regulatory role of the market mechanism not only still exists but cannot be replaced.

In pursuing the commodity economy, socialism and capitalism are surely not completely identical. So far as the fundamental economic system is concerned, the commodity economy is merely a form of economic embodiment. Different socioeconomic relations can adopt this form of embodiment and, therefore, will certainly have qualitatively different relations in the commodity economy. The intrinsic attribute of commodities is value and the substance of value is socioeconomic relationship. In the capitalist economy, value includes surplus value, which embodies the relations of exploitation of wage labor by capital. In the socialist economy, value embodies the relations of exchange of labor among the socialist laborers. This determines the categories expressed by such similar terms as price, wage, profit, interest, and dividend, representing different economic relations in the two kinds of commodity economies and, therefore, categories of a different nature. Likewise, the difference in economic relations also determines the important distinction of the two kinds of commodity economies in operation. So far as competition is concerned, there are differences in the aims, means, methods, and results; in terms of market, there are differences in the aspects of the scope of functions, modes, and relations between the market and planning. Some bourgeois economists assert categorically that socialist public ownership is incompatible with the commodity economy and planning is incompatible with the market in socialism; some people in socialist countries also maintain that developing the commodity economy is pursuing capitalism. They have all made the same mistakes in understanding by equating the commodity economy to capitalism and do not recognize that the socialist commodity economy and the capitalist commodity economy are commodity economies of two different natures.

3. Two Fundamentally Different Forms of Systems Have Things in Common

At the level of the socioeconomic system, there are obvious fundamental distinctions between socialism and capitalism. Socialism exploits the capitalists, enables the laborers to become the masters of the means of production, eliminates exploitation, removes polarization, unremittably emancipates productive forces in the course of self-development and self-perfection, opens up vast vistas for the development of productive forces, and provides material conditions for the collective prosperity of the laborers. Compared with capitalism, these are earthshaking differences.

However, it does not mean that at the level of economic system, socialism and capitalism cannot have things in common in any form. As these two kinds of economic systems pursue large-scale socialized production and commodity economy, they certainly will have things in common. For example, in the form of ownership. When socialist countries are exploring ways to implement the contract system, lease system, and stockholding system, and to separate the proprietary right from the right of use and the proprietary right from the right of operation in the course of reform, and when the government is adopting economic measures in the management of enterprises under ownership by the whole people, they can draw lessons and experiences from some current modes in capitalist countries.

The experimental implementation of the stockholding system involves the issue of understanding three aspects. 1) Issuing stock certificates is a mode of raising funds. By implementing the stockholding system, funds can be quickly pooled, helping large enterprises and groups of enterprises meet the needs of the development of large-scale socialized production; a small amount of money which originally became consumption funds in the hands of residents can be transformed into a large amount of production funds; and funds can be flexibly transferred, which is advantageous to bettering the disposition of resources. 2) The stockholding system is a form embodying ownership under the conditions of commodity economy. That is to say, all different kinds of ownership can be contained under the stockholding system. Modern capitalist countries have ownership by monopoly capitalists, ownership by medium and petty capitalists, state ownership, state and private joint ownership, other forms of joint system, and employee joint ownership. They all generally adopt the stockholding system. Although these systems of ownership are all "capitalist" in nature, they differ from one another. This explains that what determines the nature of the proprietary right does not lie in whether or not the form of stockholding system is adopted but in whose hand the stockholding right is finally held. From this, it can be appreciated that we can ensure that the stockholding system adopted by socialist enterprises will not change its nature of socialist public ownership. The view that with implementation of the stockholding system, public ownership will certainly change to private ownership is incorrect. 3) On the issue of stock certificates-stock market. To give play to the role of the abovementioned

stockholding system, and to facilitate flexible transfer of funds, it is necessary and useful to open the stock market. To open the stock market we must, however, permit the behavior of those who are specially engaged in stock transactions to seek profits in the fluctuations of prices to a certain degree. In capitalist society, such behavior develops into multifarious speculation in stocks, resulting in inflation of the stratum of profit-seekers and the congestion of a tremendous amount of idle capital in the stock market, unremittingly stirring up waves that disrupt the economic order and playing a part in impairing productive forces. People often integrate stock certificates, the stock market, and capitalism, mainly because they are under the influence of such a situation. Viewed from this aspect, socialist countries must be bold and careful in carrying out the stockholding system and take vigorous measures in practice to avoid the passive role of the stock market in capitalist countries. The measures that we can adopt include: Through a definite scope within which the stockholding system is implemented, the ratios between stock certificates and bonds and debentures, between stock certificates with repayment of principal and stock certificates without repayment of principal, and between listed stock certificates and nonlisted stock certificates are determined to macroeconomically regulate and control the size of stock transactions; economic levers, including interest rates and taxes, are utilized to affect the stock market quotations; the market laws and regulations are established and put on a sound basis to facilitate healthy progress of transactions.

4. Study, Draw On Lessons and Experiences, But Do Not Copy Others Indiscriminately and There Will Be No Tendency Toward Identicalness

The relations between the abovementioned two kinds of economies are a thing for reference that turns the capitalist economy into the socialist economy in the course of self-perfection and development. When contemporary capitalist countries readjust their economic relations, they also actually consult the experiences of socialist countries so as to give play to the role of their capital relations within the extent permitted. Conversely, socialist countries, particularly countries like China, which only had a low level of large-scale socialized production and underdeveloped commodity economy in the past and are now at the initial stage of socialism, need to learn and draw on the advanced experiences long accumulated from developed capitalist countries in the management of large-scale production and operation of commodity economy, while developing their economy according to the socialist economic law, national conditions, and their characteristics. The basis for such learning and drawing on experiences lies in the logical relations of carrying forward the capitalist economy by the socialist economy; we must learn from and draw on experiences but cannot copy others indiscriminately because the relations of antagonism and negation exist between the two kinds of economies.

The abovementioned relations of mutual reference between the two kinds of economies are distorted and exaggerated by some Western economists and become their theoretical basis for the "tendency toward identicalness" of the two kinds of economies. In their opinion, capitalist countries pursue the planned economy, a social welfare policy, and so on, while socialist countries pursue the market-directed economy, advocate competition, and so on, and these two kinds of antagonistic economies are drawing near and tending toward identicalness. Such a theory is wrong because it denies the fundamental antagonism of these two kinds of economies. The two kinds of fundamentally antagonistic things cannot tend toward identicalness. We say that these two kinds of economies can refer to each other and this means that the two kinds of antagonistic things make use of each other's transformed aspects to serve themselves. Judging from developments, the relations between them can only be: Either capitalist private ownership is replaced by socialist public ownership, namely, the elimination of capitalism, or socialist public ownership goes backward to capitalist private ownership, namely, restoration of capitalism. We cannot expect that capitalism will change to socialism through several measures taken by the government but can only believe that the proletarian revolution certainly will bury it. What the Western bourgeoisie wants is not "identicalness" but it wants to bring about "peaceful evolution" of socialism. The substance of the "theory of identicalness" which is preached is just deceptive propaganda carried on in coordination with the monopoly bourgeois politicians' "peaceful evolution" strategy.

There is a viewpoint outwardly contrary to the "theory of identicalness" that retaining some things in the socialist economy which the capitalist system used to have, learning and drawing lessons and experiences from Western advanced ways of management and operation, and even utilizing the capital and technology of capitalist countries, are regarded as introducing and developing capitalism. This is a "Leftist" viewpoint. On the basis of this viewpoint, the commodity economy is capitalism, large-scale socialized production, including science and technology, is also capitalism. What, other than "poverty," will socialism have left in this analogy? Marx said: "It is the historical task of, and reason for, the existence of capital to develop social labor productive forces. Capital unconsciously uses this to create material conditions for an even higher form of production." (*Collected Works of Marx and Engels*, Vol 25, pp 288, 289) This tells us that when capitalism finds the productive forces are hindered from development, it will forfeit the reason for its existence and should go into a historical museum. Socialism will certainly replace capitalism because the former can carry on creating material conditions on behalf of capitalism and further develop social productive forces. Without developing social productive forces and without achieving the laborers' common prosperity, socialism will also forfeit the reason for its existence.

It happened in the past that, in understanding, people failed to separate the aspects belonging to productive

forces and economic forms from the fundamental economic system. Without the guidance of Marxism, when the proletariat was still in a state of "class-in-itself," it did not distinguish machinery from the use of machinery in a capitalist way. In the early workers' movement, they often regarded the sabotage of machinery and destruction of factory premises as their objective. Today, people still have the idea that introducing Western technology, purchasing foreign equipment, and even importing foreign goods are regarded as introducing capitalism. At the level of the commodity economy, problems are even more complicated. In the past, there was a theory of equating commodities, currency, wages, and profits with capitalism. When we are now advocating competition, developing the market, implementing the bankruptcy system, carrying out the stockholding system on a trial basis, and so on in the course of reform.... and almost a new measure for reform is promulgated, this will result in misgivings about whether it is "capitalist" in nature or "socialist" in nature and even end in a dispute. At the same time, there is a view, namely, total Westernization, that everything of capitalism, regardless of whether it is "capitalist" in nature or "socialist" in nature, is copied indiscriminately. Such a viewpoint or idea is theoretically wrong because the economic forms are confused with the economic systems.

The foregoing rough theoretical analysis tells us that the negation of the capitalist economy by the socialist economy is not simple negation and inheritance is not simple inheritance. It is a thousand times more complicated to correctly handle these relations in practice than to explore theories. In the great and arduous practice of building socialism with Chinese characteristics, the criterion for judging the gain and loss of and success and failure in reform and opening up lies mainly in whether or not it is beneficial to developing the socialist social productive forces, strengthening the comprehensive national strength of the socialist country, and improving the people's living standards.

Flooding Hits Changsha, Surpasses 1954 Record

OW0907142392 Beijing XINHUA in English
1334 GMT 9 Jul 92

[Text] Changsha, July 9 (XINHUA)—Floods in the valley of the Xiangjiang River in southern China hit Changsha, capital of Hunan Province, today.

According to the local flood-control headquarters, the water level at the Changsha hydrological station on the Xiangjiang River reached 37.85 m, surpassing the record in 1954.

In the Nanqu, Xiqu and Beiqu districts along the river, more than 4,000 houses, and some factories, stores and warehouses were inundated.

In some places houses are inundated to a depth of about 1.6 m and many of the residents were stranded on their roofs.

On the evening of Wednesday about 620 ha of farmland at Shuitangyuan in Changsha County were threatened by the floods. Government officials, soldiers and local residents were mobilized immediately and succeeded in averting the disaster.

This afternoon the water level at the Changsha section of the Xiangjiang River was receding at five cm per hour, with the floods rushing toward the lower reaches of the river and the area of Dongting Lake.

At Yueyang the water level has reached 32 m, the warning mark.

People and officials in the area of Dongting Lake are mobilized against the floods.

Southwest Region

Guizhou's Liu Zhengwei Speaks at Graduation

HK0707074192 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 27 Jun 92

[Text] At the graduation ceremony held yesterday for the provincial party school's class for advanced students, provincial party committee Secretary Liu Zhengwei stressed: All levels of party and government leaders must conscientiously study the speech recently made by General Secretary Jiang Zemin at the Central Party School, further free themselves from old ideas, act in compliance with actual conditions, and develop Guizhou's economy in a better and quicker way.

Liu Zhengwei said: At present party and government departments and cadres at all levels provincewide must ideologically avoid blindly emulating preferential policies for coastal open areas [as heard]. They should focus on practicable projects and create experiences to apply it to all areas. In the meantime they should strengthen leadership over agricultural production so that it, and especially grain production, will scale a new height.

He continued: It is essential to vigorously develop township and town enterprises, further set up and improve all kinds of market systems, boldly introduce foreign funds, and step up development of Guizhou's tourist trade. Efforts should be made to develop the tertiary industry, build more infrastructural projects, and effectively improve Guizhou's [words indistinct] environment and creations for [words indistinct] to promote Guizhou's economic development.

Long Zhiyi, deputy secretary of the provincial party committee; Yuan Ronggui, member of the provincial party committee standing committee and head of the Organization Department under the provincial party committee; Chang Zheng, head of the Propaganda Department under the provincial party committee, et al attended the ceremony.

Liu Zhengwei on Urban Construction Conference

HK0707093992 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 28 Jun 92

[Text] A provincial urban construction work conference convoked by the provincial government concluded in Guiyang yesterday afternoon.

Provincial party committee, government, and Chinese People's Political Consultative Conference committee leading comrades, including Liu Zhengwei, Wang Chao-wen, Chen Shineng, An Diwei, and others, attended the closing ceremony.

Provincial party committee Secretary Liu Zhengwei set forth requirements on provincewide urban construction at the conference.

Liu Zhengwei said: In order to successfully plan, carry out, and manage provincewide urban construction, we must maintain a firm grip on the following three links at present:

1. To place urban construction high on the agenda when formulating a provincial national economic and social development plan with an eye to making unified arrangements for and ensuring a coordinated development of economic, urban, and environmental construction;

2. To step up urban infrastructural facilities building, improve an urban investment environment, further enhance urban attraction, radiation, and comprehensive services, and give full scope to the pivotal role of cities;

3. To make painstaking efforts to raise urban management standards, gradually build existing cities into modern ones famous for their comprehensive functions, beautiful environment, ecological balance, and distinctive local features.

Liu Zhengwei called on leaders at all levels across the province to conscientiously coordinate all sorts of relations and create a favorable external environment for urban construction.

Liu Zhengwei also laid emphasis on simplifying and standardizing administration procedures in regard to planning, examination, approval, construction, and management of urban projects in order to ensure effective implementation of a general provincial urban construction plan and to seek optimal urban construction efficiency on the whole scale.

Ye Rutang, state vice minister of construction, also delivered a speech at the conference.

Guizhou Province To Start Housing Reform

OW0607144592 Beijing XINHUA in English
1421 GMT 6 Jul 92

[Text] Guiyang, July 6 (XINHUA)—The State Council has approved the implementation program for urban housing system reform in southwestern China's Guizhou Province.

A leading official of the municipal Housing Reform Office in this capital of the province said that the housing reform will start in Guiyang this month and some 20 million yuan has been raised for the construction or purchase of houses.

The provincial financial institutions have selected some 500 experienced employees to form a loan service office for the forthcoming housing reform.

Among the 86 counties and cities of the province, some 31 will implement the housing reform in the near future, the officials said.

Sichuan Ceremony Mourns Li Xiannian's Death

HK0807130992 Chengdu Sichuan People's Radio
Network in Mandarin 1015 GMT 4 Jul 92

[Excerpts] Ashes of Comrade Li Xiannian, a great proletarian revolutionary, politician, strategist, firm Marxist-Leninist, and outstanding party and state leader, were spread this morning over the Dabie Mountain Area, where he had once fought.

At 1100 on 3 July, Comrade Li Xiannian's ashes were brought by a special plane to Chengdu. The main leaders of Sichuan Province and the Chengdu Military Region, who were deeply grieved, met and sent off the ashes at the airport. At 1500, public figures from various circles in our province held a solemn ceremony at the auditorium of Chengdu's (Xintou) Guesthouse to deeply mourn the death of Comrade Li Xiannian. [passage omitted]

This morning, main leading comrades of Sichuan Province and the Chengdu Military Region brought Comrade Li Xiannian's ashes to Wanyuan city. After that, the ashes were spread over the Daba Mountain Area by a special plane. Some of Comrade Li Xiannian's ashes will be spread over the Dabie Mountain Area in Hubei. Those who attended the ceremony of meeting and sending off Comrade Li Xiannian's ashes and the mourning activities, and those who sent wreaths, included leaders from the Sichuan Provincial CPC Committee, the Chengdu Military Region, provincial Advisory Commission, provincial People's Congress, provincial government, provincial Chinese People's Political Consultative Conference, Air Force of the Chengdu Military Region, and Chengdu city. They were: Yang Rudai, Li Jiulong, (Li Huanqing), Zhang Haoruo, Xu Mengxia, He Haoju, Liao Bokang, (Xie Bocai), Ren

Yinglai, Zhang Shaosong, (Hu Shipin), and leading comrades from Daxian Prefectural CPC Committee and Administrative Office.

Yang Rudai Addresses Railroad Celebration Fete

HK0607121492 Chengdu Sichuan People's Radio Network in Mandarin 1015 GMT 28 Jun 92

[Excerpts] People of all walks of life across the province held a solemn ceremony in Chengdu city this morning to celebrate the 40th anniversary of the commissioning of the Chengyu Railroad. [passage omitted]

The ceremony was presided over by provincial Vice Governor Ma Lin, who first and foremost read out inscriptions written by General Secretary Jiang Zemin and Premier Li Peng in celebration of the 40th anniversary of the commissioning of the Chengyu Railroad.

Comrade Jiang Zemin's inscription read: People's Railroad Is Built and Loved by People.

Comrade Li Peng's inscription read: Railroad Construction Remains Predominant Among All Construction Projects.

Yang Rudai, CPC Central Committee Political Bureau member and provincial party committee secretary, delivered an important speech at the ceremony in which he pointed out: The purpose of our holding a solemn ceremony today is to cherish the memory of the signal contributions made by an old generation of proletarian revolutionaries; inherit and carry forward all fine revolutionary traditions; sum up all precious historical experiences; push ahead with Sichuan's railroad development; encourage people across the province to conscientiously implement a series of important speeches made by Comrade Deng Xiaoping during his South China tour, as well as the spirit of a CPC Central Committee Political Bureau plenary session; grasp current excellent opportunities to quicken the pace of reform and opening up; and strive to push Sichuan's economic development to a new stage as quickly as possible.

Yang Rudai stated: The history of the Chengyu Railroad construction has fully embodied the superiority of socialism, taught us to adhere to economic construction as the center and vigorously develop social productive forces in the socialist period, taught us to make railroad construction predominant among all construction projects, and fully attested to the necessity of inheriting and carrying forward all fine revolutionary traditions in the course of building socialism with salient Chinese characteristics.

State Railroad Minister Li Senmao also delivered a speech at the ceremony, in which he fully affirmed the important role played by the Chengyu Railroad in boosting Sichuan's economic construction as well as the economic construction of the entire Southwest. [passage omitted]

Comrade Zhao Jianmin, a Central Advisory Commission member, who once participated in and took charge of the Chengyu Railroad construction, also delivered a speech at the ceremony.

Comrade Yang Rudai wrote an inscription in celebration of the 40th anniversary of the commissioning of the Chengyu Railroad. Leading comrades of a number of central departments as well as of various relevant ministries and commissions under the State Council, such as Li Ximin, Liao Hanshen, Zhanr Aiping, Hong Xuezhong, Li Senmao, Zhao Changbi, Liu Jianzhang, Liao Shiquan, Tu Yourui, and others, also wrote inscriptions. [passage omitted]

Provincial Governor Zhang Haoruo sent a congratulatory letter to the ceremony.

Provincial leading comrades attending the ceremony included: Nie Ronggui, Li Mengxia, He Haoju, Liao Bokang, Yang Chao, and others.

Also attending today's ceremony were: Duan Junyi, Central Advisory Commission Standing Committee member; Zhao Changbi, Central Advisory Commission member and former provincial leader; and State Railroad Vice Minister Sun Yongfu, who had come from Beijing to Chengdu specifically to attend the ceremony.

The ceremony was attended by more than 1,000 people, including leading comrades from the Sichuan Provincial CPC Committee, the Chengdu Military Region, the Sichuan Provincial Advisory Committee, the Sichuan Provincial People's Congress, the Sichuan Provincial Government, the Sichuan Provincial Chinese People's Political Consultative Conference Committee, the Sichuan Provincial Discipline Inspection Commission, the Chengdu Air Force Unit, and the Sichuan Provincial Military District; comrades in charge of the provincial branches of various democratic parties, provincial-level mass organizations, provincial departments, Chengdu city, Chongqing city, and Neijiang city; as well as representatives of all walks of life in the society and the relevant railroad departments. [passage omitted]

North Region

Summer Drought Affecting Crops in North

OW0307090792 Beijing XINHUA in English 0811 GMT 3 Jul 92

[Text] Beijing, July 3 (XINHUA)—Information from the China Academy of Meteorological Science shows that crops in most parts of North China are being affected by drought following scarce rainfall and high temperatures.

The academy reported that rainfall was 40 percent to 80 percent lower than the average for the months of May and June, and the drought was exacerbated by high temperatures.

It is reported that about eight million hectares of farmland are affected by the severe drought in parts of Shandong, Hebei and Henan provinces.

The sowing of summer crops is threatened by the drought which has also affected parts of Jiangsu, Anhui, Shaanxi and Shanxi provinces, Inner Mongolia and Ningxia Hui autonomous regions.

Weather forecasters expect there will be less rainfall in North China in July compared with previous years.

Li Ximing Addresses Meeting on Nationality Work

OW0607021092 Beijing XINHUA Domestic Service
in Chinese 1240 GMT 2 Jul 92

[By reporter Xu Renjie (1776 0088 2638)]

[Text] Beijing, 2 Jul (XINHUA)—Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal CPC Committee, pointed out at a Beijing municipal meeting on nationality work that opened today that in carrying out Beijing's nationality work we should fully make use of the city's specialities and resources, develop a nationality- and export-based economy, provide aid to meet specific needs, and endeavor to make preparations for applying to host the 2000 Olympic Games.

Beijing is the city where people of the greatest numbers of nationalities live spread out. Since the country adopted the policy of reform and opening up, the city has adopted a series of policies and measures to develop the minority nationality economy. During the Seventh Five-Year Plan period, the amount of taxes that were reduced and exempted from being paid exceeded 4.7 million yuan in five nationality townships of the city, and more than 4.2 million yuan were invested in these five townships during that period. In 1991, the total revenue of these five townships amounted to 170 million yuan, resulting in a per capita income of 1,300 yuan. A number of long-established Muslim restaurants and stores have reopened. Currently, Beijing has more than 2,000 state-, collective-, and individual-run restaurants and stores catering to the taste of Muslims and people of other minority nationalities. In addition, the city has established the nation's largest Muslim food company and wholesale market and has designated 10 factories to produce products for use by minority nationalities.

While developing the nationality economy, Beijing has fully made use of its economic, technological, and cultural resources and its abundant specialized people to establish economic and technical cooperation at various levels and in various forms with Inner Mongolia and seven other nationality areas. Various departments of the city have also provided aid to their counterparts in these areas. In the last few years, Beijing has signed 580 cooperative projects with Inner Mongolia alone, invested 17.3 million yuan in the autonomous region, and provided 130 million yuan in loan to it.

Chen Xitong Discuss Development Plan Revision

OW0807010392 Beijing XINHUA Domestic Service
in Chinese 1546 GMT 6 Jul 92

[By reporter Huang Wei (7806 1218)]

[Text] Beijing, 6 Jul (XINHUA)—Beijing Mayor Chen Xitong today joined a group of over 10 experts and scholars in the capital to discuss the revision of the "Beijing Urban Development Plan."

The Beijing Municipal Government has decided to hold quarterly meetings of experts, scholars, and leading officials of the municipal government from now on to discuss major issues concerning the capital's construction so that leading authorities' decisions will be made democratically and scientifically. This is one system Beijing has started this year.

At today's session, the experts put forward many constructive proposals with regard to the relationship between Beijing's urban development and development of areas around Beijing; the course and objectives of the capital's economic development under the new situation; the course of social development in the capital; and the impact of scientific and technological development on Beijing's modernization, internationalization, and urban planning; as well as measures for preserving famous historical cities.

Mayor Chen Xitong said at the meeting that the revision of the urban development plan is based on the strategic concept of developing satellite cities around Beijing by gradually shifting construction priorities from urban areas to remote outskirts. He added that certain major construction projects in Beijing will be revised so that Beijing's environment can be improved and the capital can become more modernized. The mayor said that the experts' proposals will be incorporated into Beijing's development plan and efforts will be made so that a development blueprint that will remain significant in the next century can be submitted to the central authorities at an early date.

Northeast Region

Heilongjiang's Jiamusi Is Investment 'Hot Spot'

HK0607112792 Beijing RENMIN RIBAO in Chinese
26 Jun 92 p 3

[Dispatch by reporters Li Youcun (2621 2589 1317) and Su Ning (5685 1337): "Jiamusi City Becomes New Hot Spot for Investment in Northern China"]

[Text] "Opening to the outside world through one window, handling affairs with one chop, and solving problems in line with a package plan," these are the favorable comments by both Chinese and overseas businessmen on the efforts of the city of Jiamusi, Heilongjiang Province, to further improve its investment environment. Nowadays, Jiamusi has become a

hot spot for investment in northern China. Since the beginning of this year, the city has received over 380 economic and trade delegations and groups from other parts of the country and the world, signed over 90 contracts on joint investment and cooperation, and introduced a total amount of foreign funds which exceeded 500 million yuan.

As a comprehensive developing port city, Jiamusi is located in the central area of the Northeast Asian economic circle, and is joined by a common river to both Khabarovsk, Russia's biggest central city in its Far East, and the heavy industrial Youth League City. With abundant agricultural, mineral, and energy resources, Jiamusi enjoys a relatively solid industrial and agricultural foundation as well as superiority in the export of its products. In order to promptly turn these favorable conditions into economic superiorities, the whole city, leaders and masses alike, have reached a consensus that "without opening up, it is impossible to make the city prosper." The city government has decided, in principle, to carry out reform at its own expense by using as a reference the policies practiced in special economic zones. It has also worked out a series of preferential policies in such fields as taxation, land use, financing, and autonomy of enterprise management, with the goal of encouraging domestic and overseas businessmen to invest in and cooperate with the city. Meanwhile, the city is also stepping up efforts to improve its external investment environment: 22,000 program-controlled telephones with direct domestic and overseas dialing have been put into use; a number of projects will be completed and put into operation between now and next year, including a microwave telecommunications project covering all counties (cities), a new railway station, and a 600,000-tonne specialized foreign trade dock; and the state has granted approval for the construction of a new international airport, which is expected to be completed and put into use within the next couple of years.

Liaoning Secretary Quan Shuren Inspects Dalian

SK0907142992 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 6 Jul 92

[Text] During his inspection of Dalian, Quan Shuren, secretary of the provincial party committee, urged the acceleration of reform, opening up and raising the economy to a new high.

On 3 July, accompanied by Yu Xuexiang, executive deputy secretary of the Dalian city party committee, Quan Shuren inspected the Dalian development zone, the Dalian bonded zone, and [words indistinct].

Three months ago Quan Shuren handled affairs in the bonded area. At that time, he urged the bonded zone to speed up the pace of construction. This time, he saw that the infrastructural facilities in this area have begun to take shape and [words indistinct] will soon be completed. He was very satisfied with this.

He said: Dalian should take the development zone as its foundation and have the bonded zone play a key role in gradually expanding the scale of opening up, in speeding up the transformation of the old city, and building Dalian into North China's Hong Kong step by step.

On 4 July, accompanied by (Cao Futian), deputy secretary of the provincial party committee and secretary of the Dalian city party committee; and Bi Xizhen, vice chairman of the standing committee of the provincial people's congress, Quan Shuren inspected Changhai County and Pulandian city and heard their work reports.

Quan Shuren urged that Changhai County should give full scope to the advantages in accelerating the development of three major trades, such as fishing, breeding, and processing trades; and simultaneously make great efforts to develop tourism.

Liaoning Imports Microwave Telecommunication Gear

OW0707015292 Beijing XINHUA in English
0049 GMT 7 Jul 92

[Text] Dalian, July 7 (XINHUA)—Liaoning Province in northeast China decided to import microwave telecommunication equipment from the Canadian North Telecommunications Company.

The contract for the project was officially signed on July 3 in Dalian, according to an official from the provincial post and telecommunications bureau.

The equipment will cost a total of 2.49 million U.S. dollars, the official said.

By the end of last year Liaoning had laid three major microwave telecommunication lines from Shengyang to Dalian, Liaoxi and Liaobei. However, the capacity of these lines cannot meet the needs of domestic and foreign subscribers. The equipment imported from Canada aims to enlarge the capacity of these lines.

Liaoning Lists Projects for Overseas Cooperation

OW0907075892 Beijing XINHUA in English
0700 GMT 9 Jul 92

[Text] Dalian, July 9 (XINHUA)—Northeast China's Liaoning Province has recently listed 1,000 projects for foreign investors.

As a heavy industrial center, Liaoning plans to transform its traditional industries and outdated enterprises by using foreign investment.

Since the start of economic reforms in 1979, the province has signed 3,986 contracts for foreign-funded projects worth 8.25 billion U.S. dollars. To date 2,067 Sino-foreign joint ventures with an investment of 4.63 billion U.S. dollars are operational.

In the first five months of this year the province signed 420 contracts worth 742 million U.S. dollars.

However, the province accepts it still has many problems with out-moded state enterprises some of which are on the verge of bankruptcy. That is why it wants fresh capital and foreign partners for industries including machinery and chemicals, light industry, electronics, building materials, textiles, medicines and metallurgy.

Economic Development of Ethnic Minorities Grows

*OW0807011892 Beijing XINHUA in English
0102 GMT 8 Jul 92*

[Text] Shenyang, July 8 (XINHUA)—The economy of the minority nationalities in northeast China's Liaoning Province has witnessed great development in the past few years.

Liaoning is home to Manchu, Hui, Mongolian, Korean and Xibo minority-nationality people, with a total population of 6.16 million.

However, the economic and social development of the areas inhabited by the minority nationalities have been lagging behind the other places due to their remoteness.

In the past few years the provincial government has adopted a series of measures to promote the economy in these areas. So far, Liaoning has constructed 2,229 primary and middle schools for minority nationalities, as well as two teachers' training schools. It has also opened special classes for minority nationalities in some universities and colleges.

Efforts made in science and education has resulted in economic development. Last year the ten ethnic minority autonomous counties in the province achieved a total industrial and agricultural output value of 7.622 billion yuan, up 119.6 percent from 1985, and the farmers' per capita net income reached 589 yuan, 1.8 times that of 1985.

Northwest Region

Gansu Researches Varied Farming Technologies

*OW0907100592 Beijing XINHUA in English
0942 GMT 9 Jul 92*

[Text] Lanzhou, July 9 (XINHUA)—Farmers in northwest China's Gansu Province can now reap good harvests from arid, sandy, saline-alkali, high-altitude, cold and humid land thanks to findings from experiments carried out by scientists and farmers on such different types of soil in the past decade.

Gansu province is located on the juncture of the loess plateau and the Qinghai-Tibet plateau. Its southern part is blessed with a subtropical climate, but its arid northwestern part is notorious for sandy, hilly, high-altitude, cold and humid land and the Gobi Desert.

Traditionally, local farmers in the areas with adverse natural conditions suffered from lack of food and

clothing because outdated and unitary farming technology stagnated agricultural production.

In the past decade, Chinese scientists have worked to find new technologies to suit crop growing in different types of soil.

The Gansu Provincial Academy of Agricultural Sciences and 13 research units in the Gansu corridor have jointly developed a wheat strain which is cold- and lodging-resistant and can be grown in cold and humid areas 1,700 to 2,600 meters above sea level. They also created eight new sowing and weeding techniques.

With the newly developed technologies, local farmers have planted more than 200,000 hectares of wheat and harvested an additional 153 million kilograms of wheat in the past few years, bringing an additional 77.92 million yuan in profits. The technologies have won a state-level scientific advancement award.

Central Gansu Province on the loess plateau is always dry. Scientists have developed a series of techniques to improve the terraced and hilly land there. They included intercropping, rotating planting of different crops and plastic sheeting.

In the arid Pingliang Prefecture, scientists and local farmers have adopted deep ploughing and new fertilizing methods to conserve water and improve infertile fields.

Despite a severe drought last year, Qingyang Prefecture reaped 99.95 million kg of wheat and produced an additional profit of 50.12 million yuan, seven times the amount obtained by using old farming methods.

Farmers in the Gansu corridor succeeded in upgrading saline-alkali land by planting rice and harvesting 15,000 kg of rice per hectare.

In another 13 counties and cities including Zhangye, Jiuquan and Wuwei, scientists helped farmers plant grass on 730 ha of saline-alkali barren land, and after three years of grass growing, the harvest of grain per hectare from the improved land can reach 3,750 kg to 5,400 kg.

The province has also introduced water-saving irrigation methods in dry areas. The adoption of the methods in 200 ha of orchards alone saves 1 million cubic meters of water every year.

To date, all these new agricultural technologies developed in the past decade have been used on 2.9 million hectares of farmland in the province. The new technology has helped the province record an average annual grain growth rate of 6.7 percent in the past eight years in spite of various kinds of natural disasters.

Xinjiang Tacheng Airport Reconstruction Begins

*OW0807084192 Beijing XINHUA Domestic Service
in Chinese 0945 GMT 5 Jul 92*

[By reporter Li Shengjiang (2621 3932 3068)]

[Text] Urumqi, 5 July (XINHUA)—The full-scale restoration and reconstruction of Xinjiang's Tacheng Airport, which was closed three decades ago due to the deterioration of Sino-Soviet relations, commenced today, symbolizing the quickening of the pace at which China is opening up to the West and along the border.

The airport is 30 kilometers east of the city of Tacheng and covers an area of 2,100 mu. With a total investment of 61.72 million yuan from the central and local authorities, the reconstruction project is one of Xinjiang's key construction projects this year. Scheduled to be completed and opened for test landing in October 1993, the airport will be able to accommodate medium-sized passenger planes. Upon completion, it will serve as terminal for the 12th Air Route linking Urumqi with other parts of Xinjiang. The Urumqi-Tacheng flight will take less than two hours, whereas a bus trip takes more than two days.

Nation Admitted to South Pacific Forum

*OW1007095092 Taipei CNA in English
0802 GMT 10 Jul 92*

[Text] Taipei, July 10 (CNA)—The Republic of China will enhance economic cooperation with South Pacific nations after becoming a dialogue partner of the South Pacific Forum, an official of the Ministry of Foreign Affairs said Thursday.

The forum, an association of 15 countries including Australia and Papua New Guinea, decided at an annual meeting Wednesday to admit Taiwan as a dialogue partner, despite strong opposition from Communist China.

The official said the Republic of China, which is maintaining economic and fishery cooperation ties with those countries, will be better able to contribute to the economic development of the region after joining the organization.

The Republic of China is willing to share its experience in economic development with other forum partners in the South Pacific, he added.

Government Reacts to Mainland Spratlys Move

*OW0907084492 Taipei CNA in English
0809 GMT 9 Jul 92*

[Text] Taipei, July 9 (CNA)—The Ministry of Foreign Affairs Wednesday reiterated the Republic of China's sovereignty over the Spratlys archipelagos in the South China Sea.

Commenting on the landing of communist Chinese troops on an islet in the island chain several days ago which has caused strong protests by Vietnam, the ministry said the dispute should be solved through international consultations.

The Spratlys are also claimed in whole or part by Malaysia, the Philippines and Brunei.

Officials of the ministry observed that although tension was mounting in the region, the possibility of military confrontation is low.

Editorial Rejects Joint Exploration of Spratlys

*OW0807141892 Taipei CHINA POST in English
3 Jul 92 p 4*

[Editorial: "Beijing's Offer To Explore For Oil"]

[Text] Taiwan should not accept Mainland China's offer at this point to join in its plans to explore for oil and other marine resources around the Spratly Islands in the South China Sea.

This is not just because such participation runs counter to existing government policy, which bans Taiwan

investment in any mainland capital and technology intensive industries, which certainly includes exploring for oil.

Nor is it because the mainland's offer was apparently insincere. The mainland invited Taiwan to jointly search for oil in the South China Sea only the other day, during the ongoing multilateral meeting on the Spratlys in Indonesia. Both Taiwan and the mainland were represented at the meeting.

The mainland's invitation was extended over a month after it had already signed a contract with the U.S.-based Crestone Energy Corp. to prospect for oil in some 25,000 square km (10,000 square miles) of sea bed around the Spratlys.

This is not normal international business practice. If the mainland was sincere in inviting Taiwan to participate in the project, it should have informed the authorities here of the project well before entering into cooperation with the U.S. firm.

The main reason we oppose accepting Beijing's offer, however, is that we consider any such exploration in these areas to be inappropriate before the territorial disputes over the Spratlys are solved.

Brunei, Mainland China, Malaysia, the Philippines, Taiwan and Vietnam all persistently lay claims to the Spratly islands. Taiwan and the mainland share the same position on this issue: The archipelago has always belonged to the Chinese-people.

Prospecting for oil in those areas, either unilaterally or biltacally, without first settling the territorial disputes goes against international norms.

Taiwan must wonder whether the mainland's plans to search for oil near the Spratlys will affect its interests in those areas.

On this question, Taiwan needs only to consider whether the areas designated by the mainland for exploration overlap the waters now under its effective jurisdiction (Taiwan has long stationed troops on one of those islands. The mainland and other claimants also have maintained military facilities on other islands in the Spratly chain).

If not, Taiwan, in view of its one-China policy, should not intervene. Other claimants, such as Vietnam, have urged Mainland China to drop its oil exploration project. Basically, we believe that all the parties concerned should temporarily put aside their territorial disputes and work toward positive joint-exploration programs. Only by doing so can they avoid causing further tensions in the region.

Ministry To Help Investors Withdraw From Mainland

OW1007095192 Taipei CNA in English
0807 GMT 10 Jul 92

[Text] Taipei, July 10 (CNA)—The Ministry of Economic Affairs will help Taiwan companies withdraw their investments from Mainland China, a ranking official said Thursday.

"We'll provide all sorts of administrative assistance to those who have invested on the mainland through legal channels," Vice Economic Affairs Minister P.K. Chiang pledged.

Chiang made the statement amid reports that a metal product company in southern Taiwan has decided to withdraw its investment from the mainland.

"If the company has legally registered its mainland investment with the ministry," Chiang said, "it will be allowed to ship its production equipment back to Taiwan."

The Pingtung-based Houshen Metal Co. applied for permission earlier this week to bring back all the machines now installed in its mainland factory.

Houshen is the first Taiwan company to formally apply for "import" of such production facilities from the mainland.

Chiang reported that the Ministry of Finance has agreed to exempt the import from customs duties.

He pointed out that the Houshen case clearly reflects how risky cross-straits investments might be. Houshen had reportedly lost money in mainland China because of high inland transportation costs there.

Chiang said local companies must take every possible factor into consideration before making investment on the mainland. "Well [word as received] planning is key to success in cross-straits operations," he added.

Taiwan companies are currently allowed to indirectly invest on the mainland for manufacturing more than 3,700 kinds of merchandise, most of which are labor-intensive products.

Chiang said his ministry will join forces with the non-governmental Straits Exchange Foundation to provide Taiwan investors on the mainland with up-to-date mainland market information and legal counseling.

A recent survey by the ministry of 300 randomly-chosen samples found that half of them have made profits from their mainland operations, Chiang reported.

Japan Urged To Compensate 'Comfort Women'

OW0807113992 Taipei CNA in English
0827 GMT 8 Jul 92

[Text] Taipei, July 8 (CNA)—Japan should quickly find a solution on how to compensate for "comfort women" and their families, a ranking Foreign Ministry official said Tuesday.

Lin Shui-chi, director of the Department of Asian Pacific Affairs of the ministry, made the appeal after Japan released on Monday the findings of a six-month investigation into allegations that its former military government forced Asian women into prostitution during World War II.

In the report, Japan admitted that its wartime government was directly involved in the supply of prostitutes for the Japanese military but denied any women are forced to work as sex slaves for the troops.

Lin said the report, passed to the ministry through the Taipei office of Japan's Interchange Association, should be deemed a formal apology from Japan.

In the report, the Japanese government said it sincerely apologized to all victims regardless of their nationalities, and would consider making compensation to them.

Responding to the report, Lin said any compensation to the victims should be done quickly as most of them are now in their 70s.

Lin said it is important to conceal the identity of the victims to avoid hurting them and their families again. It is therefore inappropriate to ask for compensation for the victims by filing legal suits against Japanese authorities.

Lin added that the ministry will send all the data collected here about Taiwanese "comfort women" to the Japanese government for reference.

Legislator Hsieh Mei-hui yesterday demanded that the government lodge a protest against Japan's reluctance to admit that it forced Taiwan women to work as sex slaves during World War II.

Hsieh said the Japanese statement was unacceptable because it denied that it had abducted innocent women from Taiwan to work as sex slaves.

There was sufficient evidence of inhuman Japanese acts, Hsieh stressed in her interpellation to the cabinet.

The Kuomintang lawmaker said Japan should issue a formal apology to all victims.

Hao Po-tsun Urges Japanese To Aid Russia

OW0807110892 Taipei CNA in English
0803 GMT 8 Jul 92

[Text] Taipei, July 8 (CNA)—Premier Hao Po-tsun urged Japanese business leaders Tuesday to help develop the Russian economy so as to prevent the revival of communism.

Meeting seven Japanese leaders attending a Sino-Japanese business conference in Taipei, Hau said Japan's economy has grown strong enough for its business community to help Russia rebuild its economy following the collapse of communism.

The assistance should be based on the condition that Moscow will promote market economy and political democracy, Hao noted.

"It is time for you (Japanese) to demonstrate your far-sightedness and broad-mindedness," the premier told his guests.

Joint Oceanographic Research Planned With Russia

OW1007094192 Taipei CNA in English
0753 GMT 10 Jul 92

[Text] Taipei, July 10 (CNA)—Oceanographers of the Republic of China and Russia will leave Kaohsiung for Vladivostok Friday afternoon for a 25-day Sino-Russian joint research voyage aboard the Russian research ship "Vinogradov."

The unprecedented Sino-Russian academic cooperation is part of a research program on the Japan Current, also known as Kuroshio or Black Current. The scientists will study water condition in the East China Sea, the Yellow Sea and the Japan Sea bordering the west Pacific ocean.

Vinogradov is scheduled to arrive in Vladivostok on the eastern coast of Russia on Aug. 5. The 6,000-ton research ship anchored at the southern Taiwan port of Kaohsiung in the past few days for installation of sophisticated instruments for oceanographic research.

KMT Group To Go to U.S. Democratic Convention

OW0807111592 Taipei CNA in English
0808 GMT 08 Jul 92

[Text] Taipei, July 8 (CNA)—A 12-member delegation of the ruling Kuomintang [KMT], led by Deputy Secretary General Hsu Li-teh of the KMT Central Committee, will leave for New York Thursday to attend the national convention of the U.S. Democratic Party.

During their 10-day stay in the United States, members of the delegation will also meet with many political leaders in a symposium on democracy in the United States and other countries.

In addition, they will visit U.S. Democratic Party leaders, and meet with Overseas Chinese leaders in New York.

National Security Law Lets Dissidents Return

OW0807115092 Taipei CNA in English
0830 GMT 8 Jul 92

[Text] Taipei, July 8 (CNA)—The Legislative Yuan completed a third reading of amendments to the National Security Law Tuesday, which will enable exiled dissidents to return to Taiwan.

The National Security Law was promulgated after the lifting of the martial law in 1987 to maintain social order here. The law became outdated after the period of mobilization against communist rebellion was terminated in May 1991.

After the amendment, the law still prohibits the advocacy of communism and secessionism.

Under the revised law, entry may still be denied to those whose presence can bring real and imminent danger to society.

Under the amended law, the government will not deny entry to those who have taken up residence in Taiwan, those who arrived in Taiwan after 1949 and have never taken up residence on the Chinese mainland since then, and have never taken violent actions to overthrow the government of the Republic of China.

The amendment marks an end to a much-criticized entry ban on exiled political dissidents, totaling about 280, a ranking official said.

Li Teng-hui Urges Servicemen To Update Knowledge

OW0807111292 Taipei CNA in English
0811 GMT 08 Jul 92

[Text] Taipei, July 8 (CNA)—President Li Teng-hui called on members of the armed forces Tuesday to make good use of their time to update their knowledge.

During a lunch meeting with military officers, the president encouraged them to absorb new knowledge and to learn from each other so that the troops will remain a modern combat force.

The representatives from various units of the armed forces were participating in an annual meeting to review their work performance during the past year.

Speaking to the meeting, Li stressed that the armed forces are the best guarantee for national security and a back-up force behind the government's national unification effort.

He asked the military officers to remain vigilant against communist Chinese threats to Taiwan even in time of peace.

Li also asked the troop leaders to increase their efficiency and to boost the morale of their men.

Hong Kong

New Hong Kong Governor Chris Patten Takes Over

Makes Inauguration Speech

HK0907112192 Hong Kong RTHK Radio in English
0908 GMT 9 Jul 92

[Inauguration speech by Hong Kong Governor Christopher Patten at Hong Kong City Hall—live]

[Text] Chief Justice, Sir David, Baroness Dunn, Ladies and Gentlemen:

I am very grateful to the chief secretary and to Baroness Dunn for their kind and eloquent words. It was a particular and an attractive pleasure to be able to hear Baroness Dunn twice. Sir David and Baroness Dunn are two of Hong Kong's most eminent servants. I greatly look forward to working with them and to their wise counsel. I am greatly honored today to assume the responsibility of the governorship of Hong Kong, one of the world's greatest cities. Hong Kong has been made great not by the accidents of geography, but by its most formidable assets: the enterprise, the energy, the vitality, and the industry of its people living, working, and prospering within a framework of sound administration and the rule of law. You, the people of Hong Kong, have created here, at the heart of Asia, a wonder of the world. One of the most spectacular examples of the virtues of a free economy known to man. Now the people of Hong Kong face a further task. I am privileged to share it with you for the next five years. Our task for the future is as momentous as your achievements in the past. It is a task that will require all the qualities that you have already shown: resilience, determination, drive; only in still greater measure. It is a task which, when we accomplish it successfully as we are going to do, will provide a shining example to the world of partnership and cooperation between peoples and nations for the good of all. What we have to do in the closing years of this tumultuous century is to turn from earnest hope to firm reality that historic and far-sighted concept—one country, two systems. When we have achieved that, we will have fulfilled the promise enshrined in the Joint Declaration—a stable and prosperous Hong Kong whose future, founded in that declaration, is secure; a Hong Kong that cherishes and maintains its present lifestyle; a capitalist heart beating at the center of Asia, pumping prosperity ever more widely. That achievement will be good for the people of today's Hong Kong, good for the people of the Hong Kong of tomorrow, good for China, good for Britain, good for the close relationship between our two ancient civilizations, and it will, as a new century unfolds, be good for the world.

As you know, as Sir David mentioned in his own remarks, I don't come today as a stranger to the territory. I visited Hong Kong both as a backbench member of Parliament and a minister. But I have never lived here, and nor has my family. My wife Lavender, my daughters

Laura, Alice, and Kate, who is not here today—they reported to be somewhere between Uruguay and Paraguay [audience laughs]. They all join with me in expressing our enthusiasm at the prospect of making our home in Hong Kong and getting to know the people who live here.

I am, of course, very much aware of the considerable achievements of my predecessors. Lord Wilson has been a friend for many years. He was an excellent governor of Hong Kong, marvelously supported by Lady Wilson. I know that they were both held in high regard and much affection. Throughout his distinguished career as diplomat and then governor, Lord Wilson has done as much as any man to strengthen the bonds between Britain and China in the benefit of Hong Kong. To try to ensure that our nations understand one another better, and above all, to serve you, the people of this territory, his has been an exemplary career of public service. For my own part, I pledge myself to devote all my energy to representing the interests of the people of Hong Kong as strongly and as wisely as I can. I will stand up for Hong Kong as you would wish me to do, cautiously and firmly.

I said a moment ago that we must turn one country, two systems from aspiration to reality. But let's begin with this question: What are the hallmarks of Hong Kong's system? The backdrop, the backdrop of your way of life is the rule of law that guarantees fair and equitable treatment for everyone. It governs all your dealings, personal and financial. You have an independent judiciary in which every individual can have confidence. Because no one is above the law—no politician, no business leader, no citizen, no governor—because no one is above the law, the law serves everyone. People in Hong Kong enjoy the freedom to go about your business without constant interference from the government. You enjoy freedom of worship and freedom of speech. You have, as well, a government in which there is democratic participation by the people of Hong Kong at every level; a government supported by a fine public service. Flourishing in its environment, Hong Kong is the best example in the post-war world of an open market economy. It is open in two senses: Open toward the many talents of those who work in it, and open to the world with which it trades with such spectacular success. These are the distinctive qualities of our system. The Joint Declaration guarantees that they will all be preserved for the future.

Looking to that future, I would like to make five brief points this afternoon.

First, we can best secure our future tomorrow by our success today. That is true of our economy and it is true of our government. The strongest safeguard for our governing institutions will be the effectiveness, the vigor, and the good sense with which they operate. All of us who participate in the running of Hong Kong have serious work to do. I look forward to cooperating with those who share my aim to doing everything we can to improve and strengthen the government of Hong Kong

in the unique circumstances in which history has placed us. Those circumstances require a spirit of mature cooperation—mature cooperation in the business of government. To govern, as Choiseul said, to govern is to choose, and choice is invariably difficult. Good political leadership involves facing up to hard decisions, taking them, setting out clearly what has to be done when all the talking is over, and winning consent for the course that has to be pursued. That is why I wish, while preserving the authority and the dignity of my office, to make my governorship as open and acceptable as possible. The ultimate responsibility of leadership rests with me in what is, and in what will remain an executive-led government.

Secondly, our personal and collective ambitions and prospects are inevitably linked to the success of economy in which we work. Hong Kong knows better than anywhere that it cannot rest on the laurels won in the past. We have to strive continuously to maintain and improve our competitiveness for tomorrow's world, certain only of one thing, that our competitors will certainly do the same. We cannot stand still. We must continue to build for the future. That is why the new airport, and all the infrastructure projects associated with it are so important. That is one reason why the prime ministers of Britain and China have both expressed their personal commitment to this exciting work. It is a great undertaking worthy of the great city and territory that it will serve. When the airport and the new port and the bridges and the railways and the land reclamation and the roads, when they are all completed, we know that the whole project will add as a dynamo for further wealth creation, not just in Hong Kong, but in Guangdong, and more widely, in southern China, whose flourishing economic links with the territory are to the benefit of us all. The airport will confirm our place as the crossroads of the Asian economy. To retain our economic strength, we also have to attend to more parochial but important concerns. We have, for example, to continue to battle against inflation, hard-fought though that battle is bound to be. When the public express anxiety about the rates of inflation, they are wholly right to do so. Inflation is a coming enemy, an enemy that we ignore at our peril.

Thirdly, it is essential that we remain a low tax economy, in which public spending is kept under prudent control. But it is also right that we should be free to use some of the wealth that we generate as a community, to help those of our fellow citizens who fall by the wayside, and in addition, to make our society ever more civilized. I know how much this community cares about the education of our children, about the care of the elderly, about housing, about the disabled, and about the environment in which we live. I intend the government should attach to these issues the priority which they undoubtedly deserve. I look forward to saying more about them in my speech to the Legislative Council in October.

Fourthly, I know as well how much concern has been expressed in the community about law and order. Hong Kong, it is true, is a safer city than most. Yet that is little

comfort to the families and businesses who have been the victims of violent crime. The government will be relentless in the fight against crime. We should be especially tough in our fight against violent crime. The Royal Hong Kong Police Forces do a magnificent job; they can count on my staunch support as they go about their sometimes dangerous work. Cooperating closely with the Chinese authorities, we shall work round the clock to beat crime in this city.

My fifth task is perhaps the most vital and challenging of all. I have heard it said that the relationship between Britain and China, and therefore the position of Hong Kong, is still bedeviled by misunderstanding and by a lack of trust. I will do all I can to remove misunderstanding and to build up trust. But I make this point with some emphasis, trust is a two-way street. Good cooperation with China is my sincere aim and my profound wish. It is vital for the next five years, vital for the future of Hong Kong.

Let me finally make this clearly: As Hong Kong Governor, I have no secret agenda. My only agenda is the one laid out today. It is clear, it is public, and so it will remain. If you want to know what I believe, if you want to know what I think, if you want to know what I intend to do, read what I say and listen to what I say. I have no doubt that, God willing—which I say with emphasis in front of the bishop and the cardinal—I have no doubt that, God willing, through our own hard work, our own calm judgment, and our own sturdy determination, we shall carry through this historic task to a conclusion that will rank above of all others among this territory's many achievements. In the next five years, and for 50 years and more beyond, the eyes of the world will be on Hong Kong. I am sure that we shall be worthy of our destiny, a symbol of confidence, and a symbol of cooperation for the rest of humanity.

Meets Hong Kong Journalists

*HK1007061592 Hong Kong RTHK Radio 4
in English 0500 GMT 10 Jul 92*

[Statement by Hong Kong Governor Chris Patten at meeting with local media at Government House, Hong Kong, on 10 July—recorded]

[Text] The new Governor Chris Patten has said he will consult Executive and Legislative Councillors shortly about how to make the government more accountable. Mr. Patten was speaking to journalists White House-style on the lawn at the back of Government House. Mr. Patten made reference to his comment during his inauguration speech yesterday that he wanted to create a more open and accessible government. He said one possibility was a governor's question time in Legco [Legislative Council].

[Begin Patten recording] I will, in the next week or so, be wanting to explore with my colleagues in the Executive Council and with the members of the Legislative Council how I can be more accountable to the Legislative

Council. It's been suggested, as some of you will know, that I should try to institute some form of fairly regular question time in the Legislative Council so that its members can ask me questions about the policies of the administration; and I will be pursuing how best we can organize such a question time with those that I mentioned a moment or two ago. [end recording]

Mr. Patten said that he would reveal more about his plans for the Executive and Legislative Councils when he addresses the new Legco session in October. The Governor also said he didn't yet know when he would visit China, and he hoped that the Airport Committee under the Joint Liaison Group could soon resolve the dispute over financing.

[Begin Patten recording] It is in all our interest that we make progress as soon as we can on the airport. To allow things to slip isn't a cost-free option. It's in the interest of Hong Kong, as I said yesterday, and in the interest of China that we get ahead and build the airport and the associated projects as soon as we can. But, I don't think we should become too excitable about it. What's important is to have agreements that work and allow us to move forward steadily and as soon as that's possible. [end recording]

Public Responds to New Governor's Arrival

Editorial Comments on Speech

HK1007032592 Hong Kong SOUTH CHINA
MORNING POST in English 10 Jul 92 p 26

[Text] The smack of firm government resounded around Hong Kong yesterday as Chris Patten delivered his first speech as Governor. All the sceptics who had doubted whether or not he could make a difference saw the living proof. His address at the City Hall was direct and decisive, while his handling of the arrival ceremonies showed how he intends to stamp his personality on the place.

The waves, the smiles, the gestures and the glad-handing of members of the crowd all testified to the populist skills of a master politician, deliberately distancing himself from the formalities of the past by wearing a business suit instead of the colonial uniform. The contrast in style with his predecessor was obvious to all, and Mr Patten backed up that message with some powerful words.

He made it clear that he would be leading from the front, and was wasting no time in getting on with the job. The leadership Chief Secretary Sir David Ford and Senior Executive Councillor Baroness Dunn both called for in their speeches of welcome will not be slow in coming—indeed some might find the pace of change a trifle uncomfortable in the next few weeks.

Pledging more open government—a favourite phrase of leaders, but breached as much as observed—he said he had no "hidden agenda". That was meant to be heard in Beijing, with its long suspicions of British motives, as

well as in Hong Kong, where liberals as well as conservatives tend to fall back on accusing "perfidious Albion" when they are looking for a scapegoat.

Mr Patten has acquired a reputation for straight-talking in Britain and he did not disappoint yesterday. "If you want to know what I believe," he said, "if you want to know what I think, and if you want to know what I intend to do, read what I say and listen to what I say."

There was also a blunt message for China. While he would do all he could to clear up the misunderstandings and dispel the lack of trust that still bedevils the relationship between Britain and China and therefore Hong Kong, trust was "a two-way street". China, by implication, must work just as hard to build up that relationship.

Mr Patten has already worried some Chinese officials with his insistence on maintaining Hong Kong's freedom, instead of just the stability and prosperity which previous British policy has tended to stress. His speech yesterday drove the point home, by listing the importance of an independent judiciary, freedom of worship and speech, and freedom from interference by government as the "hallmarks" of the Hong Kong system.

Reaction to his remarks last night was broadly positive, indeed enthusiastic, with some interesting variations in interpretation. Conservatives saw his affirmation of executive-led government as a warning to the United Democrats that he would not let the Legislative Council dominate government. Conversely, liberals seized on his commitment to work with those who share his aim of improving and strengthening the government as a signal that the door is open for members of the United Democrats to be brought on to the Executive Council if they behave in a mature and constructive manner.

Yesterday's speech proved how well Mr Patten performs on set-piece occasions. However, it is not so much by making speeches as by sensitively negotiated compromises that he will solve the territory's internal political problems, and break the deadlock over the financing of the airport, without either losing his own authority or harming relationships with Beijing.

Today there will be another signal of Mr Patten's determination to try different tactics. This morning he will have a briefing for Hong Kong's media in Government House grounds, an unprecedented move, before testing his common touch on the people of Mongkok, one of Hong Kong's poorest and most overcrowded districts, which he has chosen for his first walkabout. It is a first step in living up to yesterday's promise that he plans to be as open and as accessible as possible. Trying that out on a Cantonese-speaking audience will be a new challenge for him, but he has made an excellent first impression, and he will not be short of confidence.

Mainland Media on News Conference

OW1007135692 Beijing XINHUA in English
1323 GMT 10 Jul 92

[Text] Hong Kong, July 10 (XINHUA)—Hong Kong's new governor, Christopher Patten, began his first-day work as the governor with a press conference, saying that "We've of course committed ourselves to securing the stability and prosperity of Hong Kong."

"The stability and prosperity of Hong Kong help, themselves, to secure the life style and way of life of Hong Kong, and equally, the way of life of Hong Kong helps to underpin its stability and prosperity," he said.

At the 20-minute press conference held at the government house this morning, the new governor said that "I want to see as smooth and successful a transition as possible and I think I have made that clear before and I'll make it clear as often as I need to."

In response to a question on relations with China, Patten said "I want to have good working relationships with officials in the People's Republic of China."

"We do have to recognize the unique partnership between Britain and China in making the joint declaration work, in making sure that 'one country, two systems' is implemented in full and with enthusiasm after 1997," he said.

"We want to make the Joint Declaration and the concept which I referred to in my speech of 'one country, two systems' work as successfully as we can, and that involves trust from both sides, it involves cooperation from both sides," he said.

Asked about the airport issue, he said, "It is in all our interests that we make progress as soon as we can on the airport."

Answering a question about law and order, the governor said that he is to spend a good deal of time with those who have the responsibility for securing law and order in Hong Kong.

The governor visited Mongkok, Shatin and Diamond Hill in Kowloon and the New Territories this afternoon, where he said he learned something about the housing and law and order problems in those areas.

Legislator on New Governor's Mission

HK0807151092 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1242 GMT 8 Jul 92

[By reporter Yi Li (0122 0448)]

[Text] Hong Kong, 8 Jul (ZHONGGUO XINWEN SHE)—Tang Ying-yen, a member of the Legislative Council in Hong Kong, said that the primary thing that Chris Patten, the new governor of Hong Kong, should do is to improve relations between Britain and China.

In an interview with ZHONGGUO XINWEN SHE, Tang Ying-yen pointed out that, at present, Sino-British relations remain at a low ebb. He said: China ardently hopes for Hong Kong's smooth transition and sustained prosperity after 1997. However, the British side plans to leave a "representative" government after its withdrawal from Hong Kong in 1997, and does not pay much attention to how things may evolve after 1997. What Britain cares about is historians' opinions.

Tang Ying-yen hopes that new Governor Chris Patten will give first priority to the improvement of Sino-British relations after he arrives in Hong Kong. At the same time, a decision on the development of Hong Kong's political structure and the appointment of members of the Executive Council should be made as soon as possible in order to remove the misgivings in the minds of Hong Kong people.

'Rash Spending' Blamed for Airport Project Delay

HK0807131992 Hong Kong WEN WEI PO in Chinese
8 Jul 92 p 2

[Editorial: "Key to Delay of Airport Project Lies in Perfunctory Overspending"]

[Text] Immediately after the high-level Sino-British meeting on a funding program for the new airport failed to make any substantial advances, the British officials leaked word that the delay of the funding program for the airport would stall the allocation of funds for the airport and would finally result in cost increases.

This intimidating remark will not help solve the problem. Only when things are done in strict accordance with the Memorandum of Understanding [MOU] for the new airport can an arrangement for the funding program be reached at an early date.

Now that the British side has taken the initiative in putting forth the issue of delay, Hong Kong people should ask with which side responsibility should rest. If the British side's funding program were done in accordance with the principle that "airport projects should be cost effective and, moreover, they should not constitute a financial burden on the Government of the Hong Kong Special Administrative Region [SAR] of the People's Republic of China after 30 June 1997,"—a principle set in the MOU for the new airport and in accordance with its promise that the Hong Kong Government had enough financial resources to undertake the project—the program would have won the support of the Chinese side and any delay would have been completely out of the question.

The responsibility for the delay is that after signing the MOU, the British side suddenly scrapped the proposition of cost, which it reported to the Chinese side, and drastically increased the cost from some HK\$98 to 122 billion [Hong Kong dollars], including an increase in the cost of the airport railway by 80 percent. Aside from the astonishing cost increase, the British side also hinted that

first, the Chinese side should take up the responsibility for "possible debts," "whose final sum is like a puzzle;" and second, the Chinese side should make a commitment to transfer the financial revenue, which the SAR Government is to receive, to the Airport Administration and the MTR [Mass Transit Railway] Company with the consequential reduction of the SAR Government's financial strength. Thus the new airport cost has become a "bottomless pit."

The Chinese Government should be responsible for the SAR Government's sound operation, while taking responsibility for the MOU's implementation; certainly it will not make an unprincipled commitment to financial arrangements that take on "a bottomless pit." China believes that a ceiling is required in financial expenditure, whereas the arrangement for compensation should also comply with economic results, and related debts should not become a burden to the SAR Government. Because, in the final analysis, the burden of bottomless spending will be shifted onto the shoulders of the Hong Kong people and will not be helpful to Hong Kong's prosperity and stability.

It is not without reason that the British side attempts to press the Chinese side to accept, with a deadline, a financial program without a ceiling to its volume and with vague details. Should there be any delay, the responsibility rests with the British side for its rash financial program, which does not comply with the MOU requirements.

It has long been explicitly stipulated in the MOU that should the debt volume involved in building the airport come under HK\$5 billion, the British side is entitled to make loans on its own, and negotiation with the Chinese side is dispensable; under such circumstances, the issue of "delay" will not exist. But why did the British side repeatedly ask the Chinese side to negotiate financial arrangements, while today it is urging the Chinese side to express its support in post-haste? The reason is that its plan for creating debt has already broken through the ceiling stipulated in the MOU, and even the British side itself fails to explain what the ultimate debt volume will be, since it has no idea whether or not the income derived from related projects will cover the ever-growing debts.

In the course of talks, the Chinese had every reason to reject the unknown volume of "possible debts." During the talks, it was rather reasonable for the Chinese side to have set forth: 1) requiring cutbacks in cost, especially that of the airport and railway; 2) opposing the practice of cutting back the SAR Government's normal income to cover debts of the Airport Administration and the MTR Company; 3) increasing private investment; and 4) requiring the British side to explain the procedures in calculating cost and debts. However, the British side adopted an attitude by which the Chinese side was demanded to accept its financial program wholesale; consequently, no progress was made in the talks.

In any talks, there must be some compromise, with reasonable opinions heard and revisions made. The British way of doing business, characterized by either the Chinese side swallowing the bitter pills or allowing a delay which eventually would lead to cost increases, has not been convincing. All this was to create public opinion for the drastic cost increase of the rose garden.

Earlier, British officials said, the way of inviting bids for the airport project at a fixed price would keep cost overruns under control. But why should the discussion with the Chinese side on economic results have led to price increases? As for setting a deadline on concluding the financial talks on the grounds of the Legco [Legislative Council] adjournment, that does not hold water. It is usual practice that financial committees call provisional meetings and retain, in advance, working capital to deal with the needs of any public projects.

During the talks, the British side said that "a plan to resolve probable debts" was on the horizon, but then the plan was kept in the dark. That was actually a political trick, which succeeded in a delay, thereby creating a cause for cost increases; in effect, killing two birds with one stone. However, Hong Kong people have sharp eyes and are able to tell that the arbitrary demand of the British side for building an airport with an ever-increasing cost overrun does not comply with the interest of Hong Kong people.

In short, China's meticulous consideration of the financial arrangement while adopting an active attitude toward the completion of the airport on schedule is a sensible and reasonable reaction.

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